

A close-up, artistic photograph of a microchip circuit board. The board is populated with various electronic components, including integrated circuits, capacitors, and resistors. The lighting is dramatic, with a strong orange and yellow glow from the bottom left, creating a sense of heat and energy. The background is a deep blue at the bottom, where the Microchip logo is located.

# 2019

## SUSTAINABILITY

R E P O R T

TABLE OF

# CONTENTS

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LETTER FROM THE CEO	4
ABOUT MICROCHIP	6
MATERIALITY	15
ENVIRONMENTAL RESPONSIBILITY	16
WORKPLACE INITIATIVES	24
SUPPLY CHAIN RESPONSIBILITY	31
PRODUCT STEWARDSHIP	34
COMMUNITY INVOLVEMENT	37
UNITED NATIONS GLOBAL COMPACT	43
GRI CONTENT INDEX	44

## DISCLAIMER

When evaluating Microchip Technology Incorporated and its business, you should consider the factors listed in our Form 10-K, other documents that we file with the U.S. Securities and Exchange Commission, and publications we make publicly available. Our actual results could differ materially from what is presented in this report. Although we believe that the information discussed in this report is reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should not place undue reliance on these responses. We disclaim any obligation to update information contained in this report.

## ABOUT THIS REPORT

This is Microchip Technology Incorporated's annual sustainability report covering our performance during calendar year 2019. We have engaged Strategic Sustainability Consulting (SSC), an independent party, to support our sustainability reporting efforts. We believe that this report contains information that is accurate, timely, and balanced. In preparing the material for this report, we have completed an internal assessment process in conjunction with SSC to review the contents for clarity.

We welcome your feedback to our Sustainability Report Team at [Legal.Department@Microchip.com](mailto:Legal.Department@Microchip.com).

## ENVIRONMENTAL SUGGESTION

Because of this report's length and colors, Microchip Technology Incorporated recommends printing in black and white, double-sided, on a high-efficiency network printer, using high post-consumer fiber white paper or white paper produced from rapidly renewable resources.

# LETTER FROM THE CEO

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At Microchip Technology Incorporated (Microchip), our vision to be the leading supplier of embedded control solutions includes a corporate commitment to acting in an ethical and responsible way. Our focus on environmental and social responsibility, transparency, and engagement guides our decision-making processes and helps keep us accountable as we continuously improve all aspects of our business.



Thank you for your interest in Microchip's environmental, workplace, and community activities and performance. I am proud to share our 2019 Sustainability Report, the seventh consecutive annual report of its kind and part of our ongoing participation in the UN Global Compact, a voluntary initiative based on CEO commitments of member companies to "align strategies and operations with universal principles on human rights, labor, environment, and anti-corruption, and take actions that advance societal goals."

## **Sustainable Growth**

Over the last few years Microchip has seen dramatic growth, including several major acquisitions. We now stand at more than 18,000 employees operating in over thirty countries, with global revenue in excess of five billion dollars. Our solutions are found in tens of thousands of products in almost every context imaginable. That kind of ubiquitous presence means that we have an enormous responsibility to operate with environmental and social sustainability in mind. What we do, and choose not to do, matters.

## **Opportunity Everywhere**

In our products, our relentless drive to improve energy efficiency is making smart devices even smarter, extending their useful lives and helping to reduce their overall size. A focus on power density and ruggedness means that our products can accelerate the development of Electronic Vehicles (EVs) and other high-power applications.

In our operations, we are actively investing in projects to reduce energy use. These investments have realized almost a half a million dollars in savings in 2019, proving that what is good for the environment can also be good for the bottom line.

In our workforce, Microchip is doubling down on employee development and lifelong learning. With 85 training professionals, we are investing in the workforce of tomorrow and ensuring that our team is ready to take on any challenge.

In our communities, we continue to invest in STEM outreach so that the next generation of leaders are equipped with the skills they need to thrive in a rapidly-changing industry. Our employees are actively involved





in making their communities better, from supporting deployed military members to adopt-a-classroom projects that provide supplies and meals to students and teachers.

### Ready for the Future

In 2019, we celebrated Microchip's 30th anniversary. As we look back at how the semiconductor industry has changed, we are also looking forward as sustainability increasingly takes center stage in business success. In 2020, we will join the Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to

And of course, we will be carefully navigating the COVID-19 pandemic, which will undoubtedly change the global economy and business and societal norms. We have aggressively implemented business continuity measures ranging from engaging with governments to ensure that our products are deemed "essential" to a remote workforce model that limits exposure for our staff and customers. While we hope that business will return to a new normal soon, we are also paying close attention to ensure that we apply the lessons we are learning now for future disruptions that may result from climate change and other sustainability challenges.

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WE HAVE AN ENORMOUS RESPONSIBILITY TO OPERATE WITH ENVIRONMENTAL AND SOCIAL SUSTAINABILITY IN MIND. WHAT WE DO, AND CHOOSE NOT TO DO, MATTERS.

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corporate social responsibility in global supply chains. We will also announce our first corporate-wide carbon emissions reduction goals.

I look forward to sharing our journey as we continue to uphold Microchip's values and our commitment to sustainability. Stay tuned... we are just getting started.

STEVE SANGHI  
Chairman of the Board and  
Chief Executive Officer

ABOUT

# MICROCHIP

Microchip Technology Incorporated is a leading provider of smart, connected and secure embedded control solutions. Its easy-to-use development tools and comprehensive product portfolio enable customers to create optimal designs which reduce risk while lowering total system cost and time to market. The company’s solutions serve more than 120,000 customers across the industrial, automotive, consumer, aerospace and defense, communications and computing markets. Headquartered in Chandler, Arizona, Microchip offers outstanding technical support along with dependable delivery and quality. For more information, visit the Microchip website at [www.microchip.com](http://www.microchip.com).

Microchip’s vision is to be the very best embedded controller solutions company ever. To do so, we must identify market opportunities, develop and manufacture products in a timely and cost-effective manner, and market appropriately. We actively strive to be the best while operating in an ethical and sustainable manner to protect economic stability and reputation for our company, customers, shareholders, employees, and communities.

MICROCHIP TECHNOLOGY INCORPORATED AT A GLANCE	
Locations	Microchip owns and uses facilities in nine countries: China, France, Germany, India, Ireland, Philippines, Taiwan, Thailand, United States. In addition, we have sales offices, design centers and remote workers in more than 20 additional countries.
Employees	Approximately 18,000
Product Categories	Our product portfolio comprises general purpose and specialized 8-bit, 16-bit, and 32-bit microcontrollers, 32-bit microprocessors, field-programmable gate array (FPGA) products, a broad spectrum of high performance linear, mixed-signal, power management, thermal management, discrete diodes and Metal Oxide Semiconductor Field Effect Transistors (MOSFETS), radio frequency (RF), timing, timing systems, safety, security, wired connectivity and wireless connectivity devices, as well as Serial Electrically Erasable Programmable Read Only Memory (EEPROM), Serial Flash memories, Parallel Flash memories, Serial Electrically Erasable Random Access Memory (EERAM) and Serial Static Random Access Memory (SRAM). We also license Flash-IP solutions that are incorporated in a broad range of products. Our synergistic product portfolio targets thousands of applications worldwide and a growing demand for high-performance designs in the automotive, aerospace, defense, space, communications, computing, medical, consumer and industrial control markets.
Governance	Microchip Technology Incorporated is led by a skilled, diverse, and experienced five-member Board of Directors. The Board is appointed by the company's Nominating and Governance Committee and team of Executive Officers. For more information about Microchip, Board of Directors, executive structure, and investor information visit our website <a href="http://www.microchip.com">www.microchip.com</a> .

# LEADERSHIP AND GOVERNANCE

## BOARD OF DIRECTORS

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Microchip is led by a five-member board of directors who provide governance and oversight to the company.

**STEVE SANGHI**

Chairman of the Board and  
Chief Executive Officer

**MATTHEW W. CHAPMAN**

Board Member

**ESTHER L. JOHNSON**

Board Member

**L.B. DAY**

Board Member

**WADE F. MEYERCORD**

Board Member

When considering a candidate for a director position, the Nominating and Governance Committee looks for demonstrated character and judgment; relevant business, functional, and industry experience; and a high degree of skill. The Board of Directors and the Nominating and Governance Committee believe it is important that the members of the Board of Directors represent diverse viewpoints. Accordingly, the Nominating and Governance Committee considers issues of diversity in identifying and evaluating director nominees, including differences in education, professional experience, viewpoints, technical skills, individual expertise, ethnicity, and gender.

## CORPORATE OFFICERS

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All of Microchip's corporate officers bring excellent leadership to the table.



**STEVE SANGHI**  
Chief Executive Officer and  
Chairman of the Board



**J. ERIC BJORNHOLT**  
Senior Vice President,  
Chief Financial Officer



**GANESH MOORTHY**  
President and  
Chief Operating Officer



**MITCHELL R. LITTLE**  
Senior Vice President,  
Worldwide Client  
Engagement



**STEPHEN V. DREHOBL**  
Senior Vice President, MCU8  
and MCU16 Business Units



**RICHARD J. SIMONCIC**  
Senior Vice President,  
Analog Power and Interface  
Business Units



## MEMBERSHIPS, ASSOCIATIONS, AND CERTIFICATIONS

### CDP PARTICIPANT

Microchip Technology Incorporated discloses its energy usage and greenhouse gas (GHG) emissions annually via the CDP's, formerly the Carbon Disclosure Project, Climate Change Survey. We disclose our GHG emissions reduction and our energy conservation initiatives in the same document.

### RESPONSIBLE MINERALS INITIATIVE (RMI) MEMBER

RMI helps companies make informed choices about conflict minerals in their supply chain.

### SAMSUNG ECO-PARTNER AFFILIATE COMPANY

Recognition by Samsung that Microchip meets its standards with respect for control of substances with environmental impacts within products and established stable environmental quality control system.

### SONY GREEN PARTNER CERTIFICATION

Awarded under Marubeni Information Systems Co. Ltd.

### UNITED NATIONS (UN) GLOBAL COMPACT MEMBER

Microchip Technology Incorporated is a member of the UN Global Compact at the Participant Tier. The UN Global Compact works with businesses to help create a more sustainable world.

### ISO45001 CERTIFICATE (THAILAND)

### ISO14001 CERTIFICATE (THAILAND)

### ISO14001 CERTIFICATE (PHILIPPINES)

## HELPFUL LINKS

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Information for investors, including financial performance, can be found at [www.microchip.com/investors](http://www.microchip.com/investors)

Microchip's Corporate Government Policy for Election of Directors can be found at [www.microchip.com/missionstatement](http://www.microchip.com/missionstatement)

Board member and executive officer information can be found at [www.microchip.com/about-us/leadership](http://www.microchip.com/about-us/leadership)

# STAKEHOLDER ENGAGEMENT

Stakeholder engagement at Microchip Technology Incorporated is an ongoing and evolving dialogue. As expectations for high-tech companies change, we take our stakeholders inputs into consideration as we review our business practices.

Microchip operates with an overriding Vision, Mission, and 11 Guiding Values, which dictate our day-to-day decisions and establish our corporate culture. Our Guiding Values convey our overall philosophy and are intrinsically linked to our stakeholders whether as a customer, supplier, employee, investor, or a concerned member of our local community.

Identification of primary stakeholders and the stakeholder engagement process tend to be decentralized based on functional group sensitivities and priorities. Microchip has chosen to focus on stakeholder groups with high interest, high impact to our business.

## OUR APPROACH

WHO	HOW	KEY TOPICS AND CONCERNS
Investors	Earnings calls, investor conferences, annual shareholder meeting	Business performance, compliance, risk and opportunities
Board of Directors	Top quality management review, sustainability report	Business performance, compliance, risk and opportunities
Employees	Surveys, quarterly communications meetings, townhalls, reviews, open door policy, whistle blower policy	Safety, training, compensation, benefits, job stability, sustainability, advancement
Customers	Trade shows, direct meetings, website, sustainability reporting, RMI, UNGC, CDP	Social responsibility, business continuity, product innovation, design, pricing and performance, responsive service
Local Communities	Environmental stewardship, direct community support projects and volunteerism	Safety, emissions, effluent, community awareness and support
Government	Regulatory filings, OSHA, CDP, EPA reporting, RMI, forced labor and trafficking	Environment, emissions, effluent, forced labor and trafficking, Conflict Minerals
Suppliers and Subcontractors	Site visits, quarterly reviews, processes, procedures, contracts	Consistency, stability, fair pricing

# ETHICS AND INTEGRITY

Our commitment to conducting our business operations with integrity and in an ethical manner is an integral component of our Guiding Values. It is our goal—from every employee to our Board of Directors—to treat our customers and partners with respect and deal with them ethically and responsibly during every interaction.

## VISION

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Be the very best embedded control solutions company ever.

## MISSION STATEMENT

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Microchip Technology Incorporated is a leading supplier of embedded control solutions by delivering a broad spectrum of innovative standard and specialized microcontrollers, FPGA products, analog, mixed-signal and security products, wired and wireless connectivity products, related non-volatile memory products and Flash-IP solutions. In order to contribute to the ongoing success of customers, employees, shareholders and the communities in which we operate, our mission is to focus resources on high value, high quality products and services, and to continuously improve all aspects of our business, providing an industry leading return on investment.

## GUIDING VALUES

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Our Guiding Values cover many aspects of corporate responsibility:

- Quality comes first
- Customers are our focus
- Continuous improvement is essential
- Employees are our greatest strength
- Products and technology are our foundation
- Total cycle times are optimized
- Safety is never compromised
- Profits and growth provide for everything we do
- Communication is vital
- Suppliers, representatives, and distributors are our partners
- Professional ethics are practiced

Each value has its place in making Microchip a company you can be proud to choose, whether as a supplier, an employee, an investor, or a contributing business partner in your community. Microchip's Vision, Mission, and the expansion of our Guiding Values can be viewed at: [www.microchip.com/documentlisting/mission-statement](http://www.microchip.com/documentlisting/mission-statement).

## COMPLIANCE WITH LAWS



Microchip Technology Incorporated's global operations subject us to numerous laws and regulations. In addition to what is legally required by the jurisdictions in which we operate, Microchip's Guiding Value, Professional Ethics are Practiced, requires that all employees, directors, and officers to comply not only with all applicable laws and regulations but also to abide by our Code of Business Conduct and Ethics and associated policies that include Compliance with Laws, Confidentiality, Conflicts of Interest, Insider Trading, and Reporting Legal Non-Compliance. Microchip has also implemented a Supplier Code of Conduct that expressly communicates our expectation of lawful and ethical behavior throughout the supply chain. Copies of these documents are located at [www.microchip.com/missionstatement](http://www.microchip.com/missionstatement).

At Microchip, we are exceptionally committed to ensuring that our facilities comply with all local and national laws and regulations as they relate to the health and safety of our employees. Additionally, we have policies prohibiting the use of forced or compulsory labor, child labor, and discrimination.

Compliance with international laws is a key aspect of conducting the business of Microchip in an ethical manner. Our Code of Business Conduct and Ethics outlines and defines Microchip's requirement that our staff, suppliers, and customers comply with international laws that prohibit bribery and similar acts to gain additional business or other favorable treatment. These laws include, but are not limited to: the United States Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act, and the People's Republic of China's Criminal Law. Global anti-corruption laws make it a crime for companies to bribe or provide anything of value to government officials and other individuals in order to obtain new business, maintain existing business, or receive other benefits.

It is unacceptable for any Microchip executive, director, or employee to act in any manner that is contrary to these laws. Further, we consider our suppliers, representatives, and distributors as critical to achieving our mission. Therefore, we expect our partners to similarly abide by our ethical guiding values, including compliance with global anti-corruption laws.

We encourage our partners to not only comply with these laws, but also to participate in the enforcement of our policies by reporting suspected violations of these laws by any person to Microchip.

We take our obligation to follow all relevant laws and regulations seriously. In the chart on the next page, we have outlined our compliance record on sustainability-related topics.



## LEGAL CLAIMS AGAINST MICROCHIP

Microchip Technology Incorporated's policies require that we follow all applicable laws and regulations. In the chart below, we have outlined our compliance record on sustainability-related topics.

T O P I C	2 0 1 7	2 0 1 8	2 0 1 9
Environment	0	0	0
Health & Safety	0	0	0
Corporate Governance	0	3*	1**
Product Stewardship	0	0	0

*Refer to our annual 10-k filings with the Security and Exchange Commission (SEC) and \*\* Note 12 and \* Note 13 to our consolidated financial statements for information regarding legal proceedings.*

# ENERGY-SAVING SWITCHES PROLONG BATTERY LIFE IN AUTO SYSTEMS

Saving energy and extending the battery life of high-speed circuits in mobile ethernet networks is a key concern for embedded and automotive platform designers. When not in use, ethernet circuits still consume battery life. To tackle this problem, Microchip's LAN7430 Ethernet bridge provides integrated power, clocks, physical interface, and power reduction switching capabilities. By incorporating these “snooze” and “off” switches into mobile systems, designers can reduce power consumption and improve battery life by turning off circuits at appropriate downtimes.





# MATERIALITY

Microchip Technology Incorporated is a values-based company whose culture is based on an overriding Vision, Mission Statement, and set of Guiding Values that ensure our operations are meeting their responsibilities with respect to labor, health and safety, environment, and ethics. This Sustainability Report is one mechanism in which we remain transparent to our employees, customers, shareholders, and stakeholders in these areas. We undertake a materiality assessment to help identify those issues which we believe are the most important to our stakeholders.

## 2019 MATERIAL TOPICS

The following topics emerged as our most important sustainability issues, both to our stakeholders and for Microchip's business success.

- Employee Recruitment and Retention – our ability to attract and keep the best employees in a highly competitive and dynamic industry
- Ethics and Integrity – good governance practices and our compliance with laws and regulations in a heavily regulated global marketplace
- Energy and Climate Impacts – our ability to effectively control energy use and costs, as well as manage associated greenhouse gas emissions
- Forced Labor – our transparency and reporting with respect to steps taken to ensure Microchip's labor force remains free of any coercion or forced labor, and efforts to ensure the eradication of forced labor with our supply chain
- Integration of Microsemi into Microchip - the acquisition of Microsemi by Microchip creates a new, larger company with increased responsibility to the communities in which we live, operate, and conduct business
- Occupational Health and Safety – keeping our employees and contractors safe on the job and managing long-term health and wellness impacts
- Product Impacts – how we design and manufacture our products to minimize environmental impact and comply with environmental, health and safety, and conflict mineral regulations
- Supply Chain Management – assessing vendors for environmental, social, and governance issues and taking appropriate steps to mitigate risk
- Water and Waste Impacts – our efforts to responsibly manage waste and water impacts throughout the manufacturing process

## STEPS IN A MATERIALITY ASSESSMENT

### STEP 1: Choose a process

We used the Global Reporting Initiatives (GRI) Guidelines to guide our approach. We also used the Sustainability Accounting Standards Board (SASB) industry guidance on materiality for the semiconductor industry.

### STEP 2: Understand your stakeholders

We looked at the sustainability issues that come up most frequently—with customers, with government officials, with lawmakers, and with suppliers.

### STEP 3: Compare to business interests

We also examined sustainability issues that are most prevalent within Microchip, across a variety of departments and job functions.

### STEP 4: Prioritize your list

We prioritized the master list of sustainability issues, based on their importance to stakeholders and their importance internally to Microchip.

### STEP 5: Review and communicate results

We reviewed the prioritized list and agreed on the most material topics. The results listed above inform the boundaries and focus of our reporting efforts.

### STEP 6: Refresh

Every year, Microchip works with sustainability experts to review material issues and identify any changes to the industry landscape that might impact our priorities or scope of reporting.

# RESPONSIBILITY

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Microchip Technology Incorporated is committed to protecting the environment and minimizing the potential environmental impact of our operations and products within the global communities in which we operate. We are committed to complying with accepted environmental and regulatory compliance practices as we strive for continual improvement.

## MICROCHIP'S CORPORATE ENVIRONMENT, HEALTH, AND SAFETY (EHS) POLICY INCLUDES THE FOLLOWING COMPONENTS:

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Microchip management is committed to the development, implementation and continual improvement of the environmental, health and safety programs.

Microchip places concern for the health and safety of our employees and communities in which we work at the forefront of our policies and decisions.

Microchip will identify, evaluate and implement opportunities for pollution prevention

Microchip will comply with applicable environmental, health and safety laws and regulations

Microchip will integrate environmental, health and safety considerations into our business using the innovation, creativity and ingenuity of our employees.



# EMISSIONS AND CLIMATE CHANGE

As our company has grown and we have added production capability and additional facilities, our Scope 1 and Scope 2 carbon emissions and energy consumption had increased. During the last year, through investments in energy improvements and optimizations, we have started making progress in reducing our carbon footprint.

In addition to our mandated Scope 1 carbon emissions reported to the U.S. EPA for our U.S. semiconductor manufacturing sites, we voluntarily report carbon emissions and energy consumption for all Microchip manufacturing sites, logistics/distribution facilities and larger product design centers worldwide through this report and the CDP Climate Change Survey available on the CDP's website, [www.cdp.net](http://www.cdp.net).

This commitment to measure and report helps us to identify emissions and energy reduction opportunities and be more transparent in communicating our environmental performance to stakeholders. Over the next 12 months we will be announcing emission and energy reduction targets and goals which will inform part of our future reporting.

## SCOPE 1 EMISSIONS (METRIC TONS CO<sub>2</sub>E)

REGION	2017	2018	2019
Asia/Pacific	913	655	381
Europe	9,105	9,107	8,301
North America	478,025	519,608	417,291
Total	488,043	529,370	425,973

## SCOPE 2 EMISSIONS (METRIC TONS CO<sub>2</sub>E)

REGION	2017	2018	2019
Asia/Pacific	101,408	118,684	117,279
Europe	1,873	6,757	7,116
North America	178,594	203,474	187,095
Total	281,875	328,915	311,490

# ENERGY USE

Microchip Technology Incorporated’s energy use had trended upward as the result of acquisitions over the past few years. Even though our total footprint, number of facilities, and headcount have increased, with each acquisition we have looked to make improvements to reduce impact.

Microchip is actively investing in its facilities to reduce energy use, decreasing our carbon footprint and creating a more sustainable future. These investments have

also realized almost \$500,000.00 USD in savings for 2019. Overall, we have worked to reduce the amount of electricity, natural gas, and distillate fuel oil used in our operations through energy-improvement projects.

Microchip continues to strive for efficiency and the resulting energy savings. As such, we actively migrate the production of products to our most efficient manufacturing centers wherever possible.

## ENERGY USAGE (MWh)

ENERGY TYPE	2017	2018	2019
Distillate Fuel Oil	2,510	3,124	1,501
Electricity	596,204	743,796	717,204
Liquefied Petroleum Gas	1,463	1,491	1,572
Natural Gas	237,800	275,814	247,892
Total	837,977	1,024,225	968,169

Fuel quantities shown are reported in alignment with the US EPA GHG Reporting Rule calculation methodology. Additional diesel fuel used for “exempt” applications, such as weekly readiness testing, is excluded.

## RECENT ENERGY IMPROVEMENTS

### All sites

Total Estimated Annual CO2e  
Savings (metric tons) . . . . . 3,170  
Total CY2019 kWh Savings. . . . 6,025,013

### Philippines

Continued conversion of T8-32W  
fluorescent lamps to 16W LED  
Installation of more efficient PACU inverters

### Thailand

Installing High efficiency motors and compressors  
Cooling loop improvements  
Facilities air handler improvements

### Ireland

Upgrade Emergency Lighting to LED

### France

Upgrade vacuum pumps

### UK

Replace lighting with LED  
Remove BTU furnace  
Air handler shutdowns when not in use

### US

Nitrogen plant compressor rebuild saving 110kWh per hour

### India

Solar Power Generation project started operation in Sept saved 9,058 kWh

# ULTRA-COMPACT SENSORS FOR SECURITY

As demand for “smart” homes and buildings increases, there is a need to create sensors that are compact and simple to deploy in devices. Installing the device often relies on simple double-sided tape for mounting, so small light-sensor development is a priority.

Microchip SAM R30 module offers the industry’s smallest, compliant sensor module that combines an ultra-low-power microcontroller with a sub-GHz radio, accelerating product development and providing long-lasting battery life in wireless networked sensors.

This micro module is ideal for alarm systems, building automation, smart cities and industrial sensor networks. A key advantage of these sensors is allowing devices to last in “sleep mode” for years, only waking as needed to transmit data, extending system life and reducing power consumption.



## WASTE DIVERSION AND RECYCLING

Microchip Technology Incorporated makes sure that every site has the option to recycle. Because of the different recycling options available, we are diverting almost four million pounds of waste from our communities' landfills, wastewater treatment sites, and atmosphere.

### RECYCLED MATERIALS (LBS)\*

	2 0 1 7	2 0 1 8	2 0 1 9
Electronic and Universal Waste	170,805	110,749	91,378
Equivalent Reuse Post Consumer Fiber	117,675	106,349	120,439
Metals	195,841	303,806	288,848
Paper and Cardboard	1,403,762	1,334,185	831,054
Plastics	1,608,508	417,123	1,251,370
Rapidly Renewable Resource	939	476	828
Site Specific Recycle	1,127,284	918,961	1,140,951
<b>Total</b>	<b>4,624,814</b>	<b>3,191,649</b>	<b>3,724,868</b>

\*Recycled Materials data includes the Chandler, Tempe, Gresham, MPHIL, MThai/MMT, and Colorado Springs facilities.

## 6S METHOD REDUCES WASTE AT MICROCHIP FACILITIES IN THAILAND

The 6S Method is a waste-reduction approach used to identify and reduce waste in the workplace. Microchip Technology Incorporated's facilities in Thailand have implemented 6S and consistently see a reduction in waste year-over-year. 6S stands for the five Japanese words and Safety used in the method: Seiri (Sort), Seiton (Set in Order), Seiso (Shine), Seiketsu (Standardize), Shitsuke (Sustain) and Safety. Employees sort, removing items that are no longer needed; set in order, organizing their workstations to optimize efficiency and flow; shine, cleaning their areas in order to more easily identify issues; standardize, implement color coding and labels to stay consistent with other areas; and sustain, developing behaviors that keep the workplace organized over the long term, safety is an integral part of each of the original 5S phases, identify and eliminate all hazards for a zero accident and injury free workplace.



## WATER USE

As a fundamental requirement for semiconductor manufacturing, water usage has been on the rise at various Microchip facilities, corresponding with our increased production. Microchip has taken notice and we seek to apply innovative measures to reduce our water use. We are committed to continuing to find ways to curb our total water usage and to decrease our effluent wastewater.

### PRODUCTION FACILITIES' WATER USE (Gallons)

FACILITY	2017	2018	2019
Chandler	25,489,000	28,322,000	28,454,000
Colorado Springs	409,264,213	384,361,019	357,841,422
Gresham	310,005,634	345,577,757	344,478,439
Thailand (MMT)	80,075,160	119,920,415	131,654,227
Thailand (MTHAI)	211,028,400	221,275,140	197,949,735
Philippines (MPHIL)	84,016,735	88,262,771	97,116,760
Tempe	338,052,800	322,260,100	291,174,800
Total	1,457,931,942	1,509,979,202	1,448,669,383

### PRODUCTION FACILITIES' EFFLUENT WASTE (Gallons)

FACILITY	2017	2018	2019
Chandler	4,501,633	5,233,762	6,272,768
Colorado Springs	353,877,588	307,605,374	300,997,079
Gresham	270,505,321	286,093,158	269,461,983
Thailand (MMT)	40,856,640	51,659,910	54,827,249
Thailand (MTHAI)	65,524,800	96,657,475	75,984,148
Tempe	254,119,045	254,521,133	307,618,833
Total	989,385,027	1,001,770,812	1,015,162,060

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## RECENT WATER INNOVATIONS

MMT is reusing water from WWTP effluent to use at garden area saving over 10.3 million gallons of water annually.

MTAI is reusing water from WWTP effluent to use at the garden area and floor cleaning saving over 9.6 million gallons of water annually.

MTAI has improved the back wash process of Multimedia filter (MMF) and Activated Carbon Filter Tank (ACF) using compressed air saving over 5.7 million gallons of water annually.

MCSO Nitrogen plant chiller rebuild. Project removes need for 1-pass cooling water (2 gpm for 8 hours/day) on coils during summer (90 days) for a savings of 86.4k gallons of water.

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## ENVIRONMENTAL AWARDS



### US ENVIRONMENTAL AWARDS

A point of pride for Microchip, the Gresham Site Services Team has received the Platinum Award from the City of Gresham for 16 consecutive years of operating an acid waste neutralization (AWN) system with 100 percent Pretreatment Compliance. The facility has received zero AWN compliance violations during the past 16 years.

### THAILAND ENVIRONMENTAL AWARDS

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ENVIRONMENTAL QUALITY  
CONSERVATION AWARD  
2019

Prime Minister's Industry Award

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CSR-DIW CONTINUOUS AWARD  
CORPORATE SOCIAL RESPONSIBILITY  
2017, 2018, 2019

Department of Industrial Works

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3Rs AWARD  
2017, 2018, 2019  
Department of Industrial Works

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ZERO WASTE TO LANDFILL  
2017, 2018, 2019  
Ministry of Industry

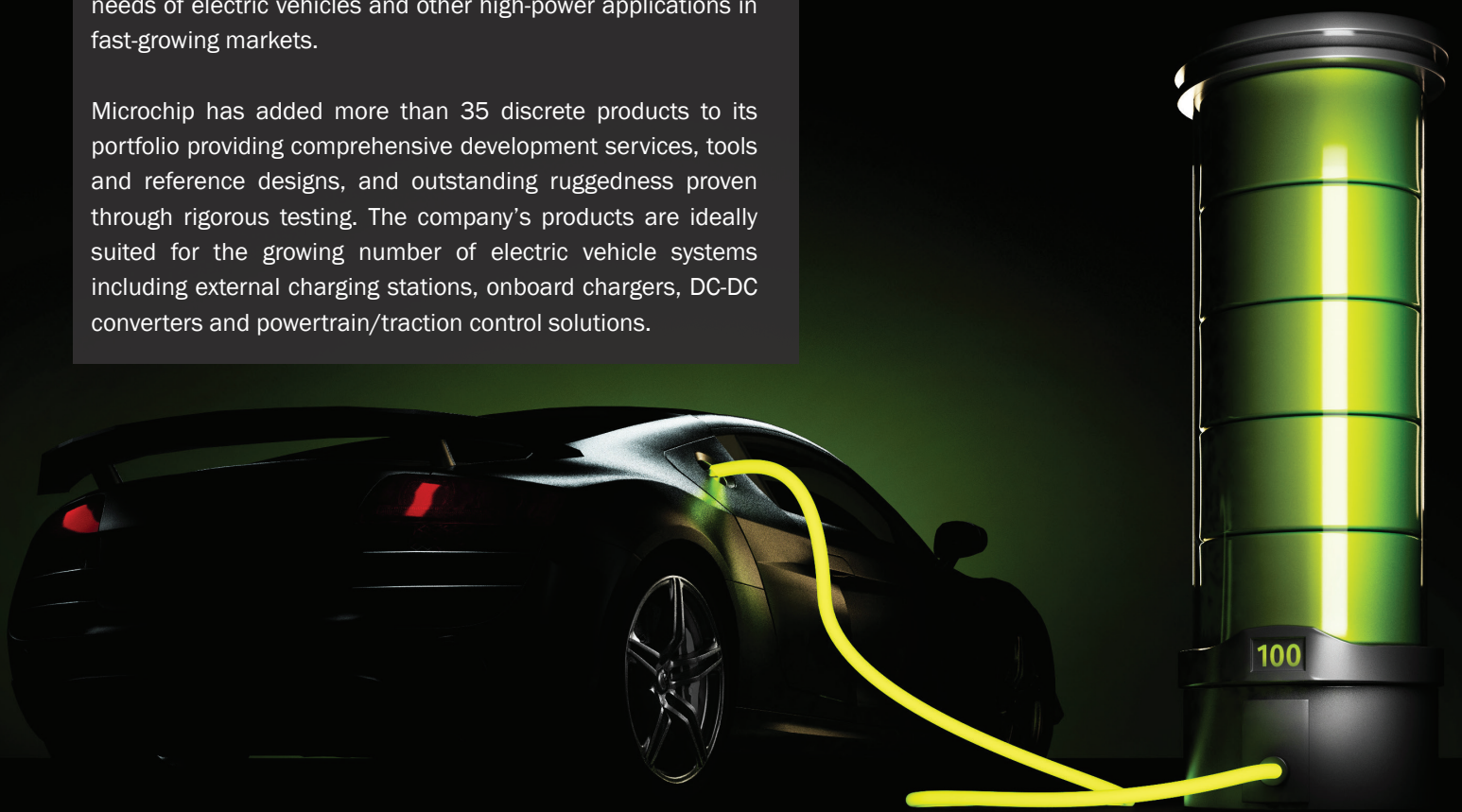
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# ELECTRIC VEHICLES GET A BOOST WITH HIGH-VOLTAGE, RELIABLE POWER

Demand is growing for silicon-carbide (SiC) power products that improve system efficiency, robustness and power density in the automotive, industrial, aerospace and defense industries.

Microchip released a family of SiC power devices that offer proven ruggedness and performance. Microchip's 700 V SiC MOSFETs and 700 V and 1200 V SiC Schottky Barrier Diodes join a growing family of reliable SiC products that meet the needs of electric vehicles and other high-power applications in fast-growing markets.

Microchip has added more than 35 discrete products to its portfolio providing comprehensive development services, tools and reference designs, and outstanding ruggedness proven through rigorous testing. The company's products are ideally suited for the growing number of electric vehicle systems including external charging stations, onboard chargers, DC-DC converters and powertrain/traction control solutions.



WORKPLACE

# INITIATIVES

Microchip Technology Incorporated is a U.S. company with operations around the world, and it is our goal to provide strong benefits, wellness programs, safe workplaces, and equal opportunity no matter where our employees are based.

## EMPLOYMENT

EMPLOYEES BY LOCATION

	2 0 1 7	2 0 1 8 *	2 0 1 9 *
Asia/Pacific	7,631	9,342	8,986
Europe	1,495	2,374	2,368
North America	4,716	7,024	6,679
Total	13,842	18,740	18,033

\* Numbers include both Microchip and Microsemi employees

## OPEN DOOR POLICY

An important tool in our commitment to ethical business practices is our Open Door Policy. This policy allows Microchip Technology Incorporated employees to raise any work- related issues—such as job, wages, performance reviews, and other—to the level they think is the most appropriate for quick and fair resolution. This policy applies to employees at all levels. We believe communication is vital, and we encourage open, honest, constructive, and ongoing dialogue to resolve issues whenever possible.

## DIVERSITY AND OPPORTUNITY

Microchip provides equal employment opportunities to all applicants and employees around the world. We respect and value the diverse experiences, backgrounds, and perspectives of our employees and are committed to providing all employees with continuous opportunities for growth and professional development. Microchip’s culture is centered on employee involvement, teamwork, collaboration, and empowerment. We believe all these components drive employee engagement which inspires creativity and innovation and has strengthened all aspects of our business.

## HUMAN RIGHTS

Microchip is headquartered in the United States with global operations. These operations include primary manufacturing located in the United States, test operations in the Philippines, assembly and test operations in Thailand, and engineering design centers and sales offices located around the world. Microchip complies with all legal requirements related to labor, including prohibitions on forced or compulsory labor, child labor, and discrimination. Additionally, with very few exceptions for internship-type programs in the United States which are allowed by law, Microchip requires all employees to be 18 years of age or older.

## LABOR/MANAGEMENT RELATIONS

While none of Microchip's employees are unionized, we do acknowledge the right to collective bargaining where allowed by law. We have strong employee programs to support workers and their families, including robust benefits plans and career development opportunities.

## BENEFITS

We want to make sure we give back to our employees in many ways, and one such way is by providing extensive benefits, such as:

- Health and wellness benefits
- Family and medical leave of absence
- Short- and long-term disability
- Long-term care insurance
- Life insurance
- Company-paid holidays
- Paid vacation and sick leave
- Restricted Stock Units (RSU) and Employee Stock Purchase Plan (ESPP)
- 401(k) retirement savings plan with company match
- Employee Cash Bonus Plan (ECBP)
- Tuition reimbursement
- Internal training and mentorship program

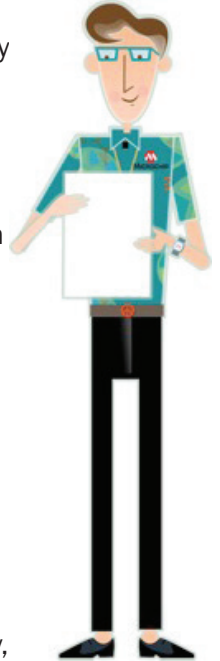
## TRAINING AND EDUCATION

The Microchip Learning Center perpetuates Microchip's strategic and competitive culture in alignment with the Guiding Values. In order to support our employees' continuous improvement, we design, deliver, and coordinate programs using a variety of systems, methods, and tools to meet performance development needs. We believe continuous education and training are critical to maintaining Microchip's competitive edge. Microchip's business model focuses on developing leaders from within.



Microchip invests in our employees' futures, by ensuring access to our training is available in native languages and during times that accommodate our global presence and workforce. Microchip's Learning Center offers many training opportunities in a variety of mediums to meet employee development needs, including classroom and virtual instructor led, on-line, and blended programs

that include an online component followed up by an interactive instructor-led web session. We also offer all employees the opportunity to pursue relevant higher education through a tuition reimbursement program.



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IN ADDITION TO THE 85 FULL-TIME AND 110 IDENTIFIED INTERNAL COACHES LOCATED AROUND THE WORLD, IN 2019, 1,721 MANAGERS AND EMPLOYEES WERE INVOLVED IN DELIVERING PRACTICAL LEADERSHIP AND TECHNICAL TRAINING TO THEIR PEERS.

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Learning and development at Microchip is a joint effort between employees, managers and the Global Organizational Learning and Development department. In addition to the 85 full-time training professionals and 110 identified coaches around the world, in 2019, 1,721 managers and employees acted as subject matter experts to assist in delivering practical leadership and technical training to their peers.

Microchip's courses cover a range of training topics: orientation to the company, core courses such as empowerment, teamwork and communication, technical knowledge of Microchip products and applications, sales process training, IT skills, leadership, project management, and operational manufacturing skills.

## UNITED STATES COMMUNITY AND CORPORATE SOCIAL RESPONSIBILITY AWARDS

### 2019 Awards

- Ranked #2 on "The Best Companies to Work for in NY" by Best Companies Group
- Listed as a "Top Workplace" by The Austin (Texas) American Statesmen for the third year in a row
- Named a "Top Workplace in the Bay Area (California)" by The Bay Area News Group
- Microchip President & CEO, Steve Sanghi, was honored as a Most Admired Leader by the Phoenix Business Journal
- Named #102 on Training Magazine's Top 125 list. Microchip has been on the Top 125 list since 2012
- Named one of the region's "Best Places to Work 2019" by *Phoenix Business Journal*
- Named one of Arizona's "Most Admired Companies of 2019" by *Arizona Business Magazine*

## TRIP REDUCTION PROGRAM

Microchip Technology Incorporated offers trip reduction programs for our Chandler, Tempe, and Gresham facilities. The program provides resources, support, and incentives to encourage employees to use greener transportation methods.

### TRIP REDUCTION PROGRAM IN CHANDLER AND TEMPE

At Microchip's Arizona locations, we offer a variety of incentives and initiatives to help reduce our single-occupancy vehicle rate. We provide a 100% bus and light rail subsidy for employees who use public transit.

### MARICOPA COUNTY (AZ) APPROVES, SUPPORTS MICROCHIP TRIP REDUCTION PROGRAM

Maricopa County (AZ) Air Quality Department conducts an annual Trip Reduction Program audit. They review and approve Microchip's TRP plan. Participation in the County's Trip Reduction Program helps ensure Microchip complies with County Ordinances, supports the community's "Clean Air, Make More" initiative, and ensures we are consistent with best practices in reducing commuting emissions. Microchip's Trip Reduction program is also designed to encourage employees use alternative modes of transportation during "High Pollution Advisory" Days.

Employees who bike or walk to work participate in the free lunch program, attend the spring bike and walk event, and have access to bike racks and showers. Employees who carpool or drive alternative-fuel vehicles have access to premium parking spots. In Tempe charging stations are provided for AFVs.

No matter what alternative transportation method a Microchip employee uses through the Trip

Reduction Program, they are guaranteed a ride home for emergencies, access to shower facilities, and access to incentives and events such as free lunches, gift cards, and prizes. We have more than 70+ active bus riders utilize the public transits system and more than 450 registered carpoolers at the Chandler and Tempe sites.

### TRIP REDUCTION PROGRAM IN GRESHAM

Our Gresham Trip Reduction Program offers secure bike lockers and shower facilities, a guaranteed ride home for personal emergencies, reserved parking for carpools, hybrid vehicles, and motorcycles, and incentives and events such as catered meals, gift cards, and prizes. At our Gresham facility, we are able to offer public transportation passes at a significant savings. Since 2003, the single-occupancy vehicle rate has decreased by 26 percent at our Gresham location.

### SINGLE-OCCUPANCY VEHICLE RATE FOR SITES WITH TRIP REDUCTION PROGRAMS IN PLACE

	2 0 1 7	2 0 1 8	2 0 1 9
Chandler	84.2%	86.1%	81.6%
Gresham	68.0%	63.0%	63.0% (biennial survey)
Tempe	66.9%	69.5%	68.4%

## OCCUPATIONAL HEALTH AND SAFETY

"Safety is Never Compromised" is one of the Microchip Technology Incorporated's Guiding Values. Microchip's concern for the health and safety of our employees, contractors, vendors, and the communities in which we work helps determine our policies and define our practices. Because we are committed to providing a safe and healthy place to work, we have dedicated environmental, health, and safety (EHS) teams that ensure we meet all applicable laws and regulations. At Microchip, employees are responsible for both their safety and the safety of those around them. We actively promote a safe and healthy lifestyle and encourage employees to manage their personal health proactively.

### RECORDABLE INCIDENTS

	2 0 1 7	2 0 1 8	2 0 1 9
Chandler	2	2	4
Colorado Springs	18	14	19
Gresham	4	7	6
Thailand (MMT)	0	0	0
Thailand (MTHAI)	2	2	0
Philippines (MPHIL)	0	0	0
Tempe	7	12	14

### INJURY RATE (CASES) PER 100 EMPLOYEES

	2 0 1 7	2 0 1 8	2 0 1 9
Chandler	0.14	0.13	0.29
Colorado Springs	1.66	1.49	2.04
Gresham	0.74	1.21	1.09
Thailand (MMT)	0	0	0
Thailand (MTHAI)	0.056	.06	0
Philippines (MPHIL)	0	0	0
Tempe	1.24	2.18	2.71
OSHA Industry Injury Rate	1.20	1.20	*

OSHA Industry Injury Rate available November 2020



## MICROCHIP TEAMS FOCUS ON FITNESS

Seven staff from the Microchip Trondheim site participated in the St Olavsloppet Relay Race, an annual four-day relay running event between Trondheim, Norway and Östersund, Sweden. Covering a distance of 340 km (211 miles). At the IDC-Bangalore facility, 22 Microchip employees participated in World 10K Bengaluru road race. Competing alongside 26,000 runners, the race supports a variety of charitable causes in the community.

In Texas, the Microchip Austin Wellness Committee coordinated the installation of on-site fitness facility and shower rooms. Yoga mats, fitness posters, equipment accessories, water coolers, and ceiling fans were also installed. To help fund wellness programs, employees held an auction for used gym equipment which raised \$1,000 for ongoing wellness programming.



## RECYCLING HOUSEHOLD HAZARDOUS WASTE IN COLORADO

To help employees do their part for the environment, each year, the Microchip Colorado Springs site holds the Household Hazardous Waste and Recycling Day. The one-day event gives employees a chance to dispose of or recycle household products such as old paint, chemicals, batteries, and electronics.

The site partners with organizations including Bluestar Recycling, Colorado Industrial Recycling, Goodwill, and Batteries Plus Bulbs. About 3,000 pounds of recycled electronic items such as computers, printers, and TVs are collected for recycling instead of going to landfill.



## CELEBRATING CULTURAL DIVERSITY IN MASSACHUSETTS

To celebrate the cultural diversity of the Microchip team at the Lawrence, Massachusetts facility, a Cultural Day was held. Employees brought in food, artifacts or items of cultural significance, and some employees dressed in traditional clothing that reflected their heritage.

This event is a hands-on way for employees to learn about world cultures and cuisine. The event, which focuses on inclusion and diversity, has improved teamwork and morale.

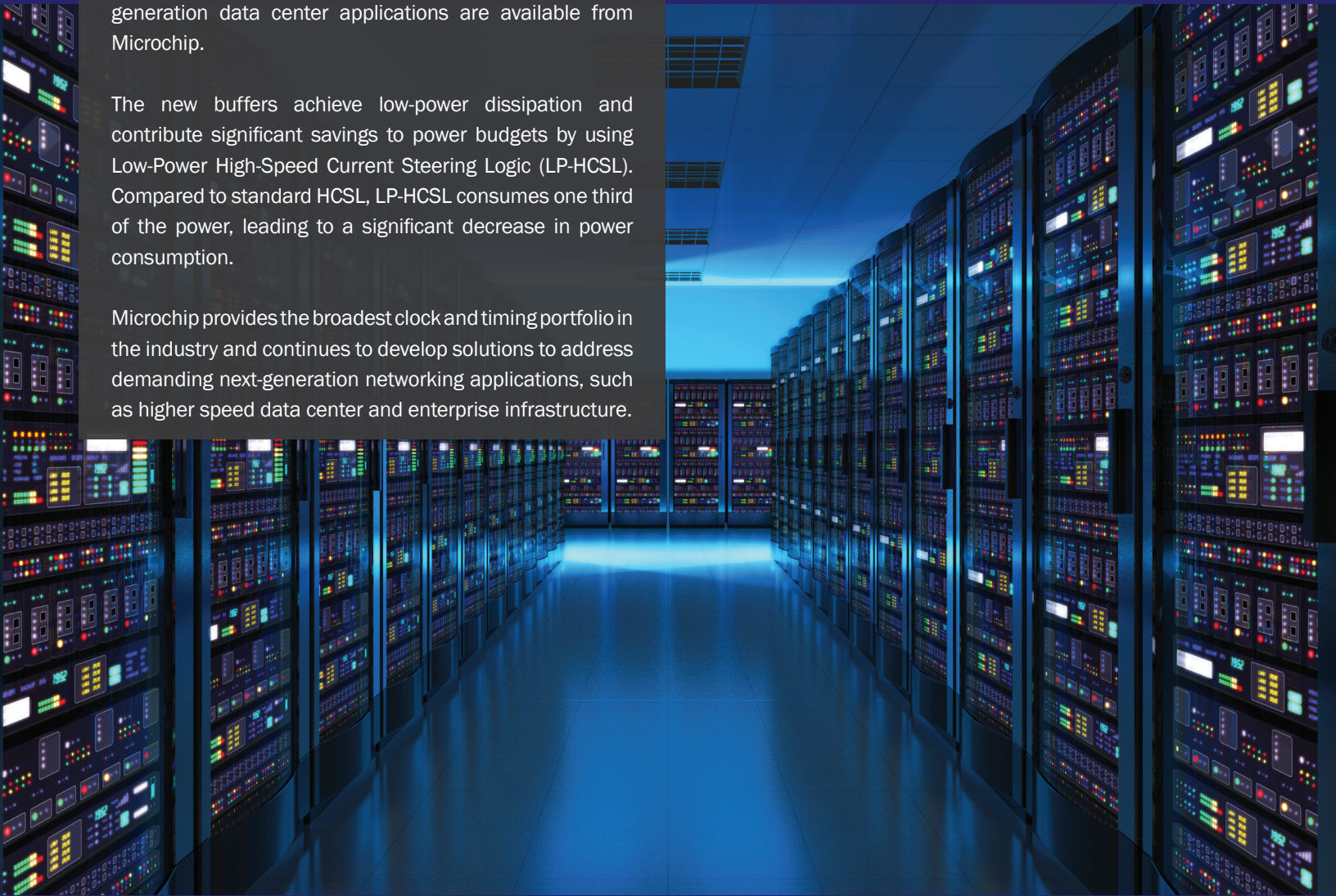


# HIGH PERFORMANCE, LOW ENERGY BUFFERS FOR DATA CENTERS

As data centers migrate to greater bandwidth and faster infrastructure, the need for higher performance timing devices becomes critical. Four new 20-output differential clock buffers (ZL40292, ZL40293, ZL40294 (85Ω ZL40295) that meet or exceed standards for next-generation data center applications are available from Microchip.

The new buffers achieve low-power dissipation and contribute significant savings to power budgets by using Low-Power High-Speed Current Steering Logic (LP-HCSL). Compared to standard HCSL, LP-HCSL consumes one third of the power, leading to a significant decrease in power consumption.

Microchip provides the broadest clock and timing portfolio in the industry and continues to develop solutions to address demanding next-generation networking applications, such as higher speed data center and enterprise infrastructure.





# RESPONSIBILITY

Microchip Technology Incorporated is committed to be a responsible corporate citizen acting ethically and transparently in accordance with local, national, international laws and regulations and industry standards. Microchip sets minimum compliance expectations for our supply chain partners including working conditions, health and safety, human rights, conflict minerals, and the environment. We periodically report on our progress internally to top management and externally through the UN Global Compact and this report.

## CONFLICT MINERALS

Microchip Technology Incorporated and its subsidiaries share the global concern regarding the human tragedies occurring in the Democratic Republic of the Congo and the adjoining countries (Dodd-Frank “Covered Countries”) associated with the mining of columbite-tantalite (tantalum), cassiterite (tin), wolframite (tungsten), and gold (collectively “3TG”).

3TG originate from various continents, but armed groups engaged in, or interfering with, mining operations within the Covered Countries are subjecting people to human rights violations and using proceeds from the sale of 3TG to finance and sustain regional conflicts.

Microchip supports responsible mineral sourcing. We recognize the need to develop programs that allow for improved transparency in the 3TG supply chains. Our goal is to provide reasonable assurance that all integrated circuits manufactured by Microchip are responsibly sourced.

We are members of the Responsible Minerals Initiative (“RMI”) that engages Smelters and Refiners (“SOR”) and conducts audits of the SOR against responsible minerals sourcing protocols. It is Microchip’s policy to conduct

independent smelter due-diligence research on any smelter in our supply chain where we have reason to believe there might be unreasonable sourcing.

Microchip is diligently working toward a goal of assuring our products are manufactured and are sourced from socially responsible supply chains. In pursuit of that goal Microchip is doing the following:

- Conducting annual RCOIs and subsequent due diligence required by the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) using the RMI’s Conflict Minerals Reporting Template (“CMRT”).
- Retaining professional third-party smelter sourcing due diligence.

ALL SMELTERS IN OUR INTEGRATED CIRCUITS SUPPLY CHAIN WERE LISTED ON THE RMI-COMPLIANT SMELTER LIST AS OF THE INITIATION OF OUR REASONABLE COUNTRY OF ORIGIN INQUIRY CAMPAIGNS

- Presenting mineral sourcing risks to Microchip’s senior management.
- Disallowing SOR into our integrated circuit supply chain that are not cooperating with, or that are no longer cooperating with, the RMI’s Conflict Free Smelter Program or similar mineral sourcing audit programs.
- Providing information to suppliers and expecting each to source materials from socially responsible supply chains and to accurately and comprehensively disclose their list of SOR, either at company level or specific to those materials incorporated into Microchip’s products.
- Publicly disclosing our conflict minerals policy, RCOI implementation procedures, and SOR sourcing due diligence.
- Including a conflict minerals flow-down clause in new and renewed supplier contracts and purchase terms and conditions

Microchip’s current CMRT for integrated circuits and other conflict minerals programs documents are available on Microchip’s website, at [www.microchip.com/conflictminerals](http://www.microchip.com/conflictminerals).

## HUMAN RIGHTS

Microchip Technology Incorporated is dedicated to protecting human rights. As part of our focus on continued improvement of our policies and procedures to ensure the protections of our employees and the employees of our supply-chain partners, Microchip worked throughout the 2019 calendar year to review programs and standards within this area. This analysis confirmed that Microchip’s operations were aligned with ensuring human rights in the areas of freely chosen employment, child labor avoidance, working hours, wages, benefits, and humane treatment. Microchip’s evaluation also concluded that the Responsible Business Alliance’s Code of Conduct was an internationally recognized document in this area that perfectly stated the human rights protections that Microchip was advocating for. With this, Microchip took steps in calendar year 2019 to become a member of the RBA, adopt its code of conduct, and introduce Microchip’s Supplier Code of Conduct. These changes were effective in the first quarter of 2020, and will be discussed in more detail in next year’s Sustainability Report.

For additional information on Microchip’s practices and public disclosures related to protecting human rights, please visit the following:

- Microchip’s current CMRT for integrated circuits, at [www.microchip.com/conflictminerals](http://www.microchip.com/conflictminerals)
- Microchip’s Slavery and Human Trafficking Statement, at [www.microchip.com/about-us/corporate-responsibility](http://www.microchip.com/about-us/corporate-responsibility)

## BUSINESS CONTINUITY

Microchip Technology Incorporated understands the importance of Business Continuity and is committed to maintaining systems that ensure continuity of supply and provide for mitigation of potential impact to our customers, partners and other stakeholders.

Microchip has established a Corporate Business Continuity (CBC) Steering Committee. The CBC Steering Committee is responsible for managing Microchip's CBC program and has created a Guidance Document (GD) to establish the expectations and standards to be used by all Microchip entities with respect to business continuity planning. The GD defines the minimum requirements for how to:

- Identify and evaluate internal and external risks
- Define contingency plans
- Document the plans
- Review and tests the plans
- Provide a customer notification process
- Provide for process validation post shutdown

Microchip Technology Incorporated has mapped all integrated circuits in its supply chain, including internal and external foundries, probe, assembly, and test locations. By doing this, we understand potential supply chain risk and recovery timing.

Microchip's BCP program is tested on regular basis at the local level and periodically from a corporate level. This testing involves table-top exercises (pursuant to BCPSC guidance), simulations and live scenario testing which may include in fire drills, shelter-in-place, and other exercises conducted in coordination with community stakeholders.

# STEWARDSHIP

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Microchip Technology Incorporated is committed to providing products and technologies which contribute to positive change in the world and in people's lives.

Each year we make significant investments developing new technologies and products, enabling a sustainable future and allowing our customers to innovate for tomorrow.

## GLOBAL PRODUCT COMPLIANCE LAWS

Microchip Technology Incorporated adheres to all applicable product material compliance laws and regulations throughout the entire product lifecycle. This practice has not only mitigated and/or eliminated the use of potentially hazardous materials but also provides environmentally-safe and reliable products for our customers. Microchip has developed a rigorous materials compliance specification and Hazardous Substance Process Management (HSPM) system to ensure our products are qualified to be introduced into commerce worldwide.

Because our products are sold around the world, we are subject to numerous legislative and regulatory requirements, in addition to individual customer specifications. Detailed information on our product material compliance program is available at [www.microchip.com/about-us/environmental-health-and-safety](http://www.microchip.com/about-us/environmental-health-and-safety). From this page, the following is available:

- Environmental, Safety and Health Policies
- Certificate of Compliance
- CE Marking Declaration of Conformance
- EU-REACH Statement
- Material Content Declarations for IC Product

## ENVIRONMENTALLY-PREFERABLE PRODUCTS

Microchip Technology Incorporated specializes in high-efficiency semiconductor microcontrollers, analog, wireless, security, timing, discrete, and human-interface products.

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PRODUCING ENVIRONMENTALLY-PREFERABLE PRODUCTS IS NOT A STATIC EXERCISE. AT MICROCHIP, WE SEE THE CONTINUED DEVELOPMENT OF GREEN AND HIGH EFFICIENCY PRODUCTS AS CENTRAL TO THE FUTURE OF BOTH OUR COMPANY AND THE GLOBAL ECONOMY.

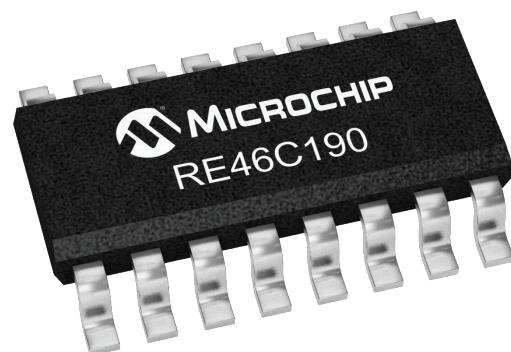
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We offer green, low power solutions which promote energy efficiency and reduce the generation of hazardous waste, enabling our customers to design and manufacture environmentally-preferable products.

Microchip's extremely low power devices significantly reduce energy consumption and increase battery life in wearables and portables with a limited power source. We provide single-chip monitoring solutions for solar inverters, smart lighting, cloud servers, temperature sensors and energy monitoring for commercial buildings and smart homes.

Microchip innovates with sustainability and energy efficiency in mind. Our focus on research and development provides customers with an outstanding portfolio of environmentally-preferable options and makes us a supplier of choice for environmentally conscious customers. These efforts are highlighted on our Environmental Health and Safety website [www.microchip.com/about-us/environmental-health-and-safety](http://www.microchip.com/about-us/environmental-health-and-safety).

We see the continued development of green and high efficiency products to be central to the future of both our company and the global economy. Producing environmentally-preferable products is not a static exercise. It takes continuous innovation and we are proud to share our vision regarding how we continue our efforts toward developing environmentally-preferred products.





# HELPING SMALL BUSINESSES CREATE SMART DEVICES

In order to develop new applications and devices in the Internet of Things marketplace, designers must currently source, program, and serialize required Media Access Control (MAC) addresses from the IEEE-Registration Authority (RA). The IEEE-RA only offers addresses in blocks ranging from 4,000 to 16 million, effectively pricing small-to medium-size businesses out of the market as they require much smaller order volumes.

Helping eliminate the need to buy and manage these unique identifiers from the IEEE-RA, Microchip released the industry's first flash devices that offer pre-programmed, integrated MAC address options. Microchip's SST26VF Serial Quad I/O™ (SQI™) 3V Flash family devices do not have a minimum order requirement, providing cost-effective, plug-and-play storage solutions for connected applications that use Ethernet, Bluetooth®, Wi-Fi®, IEEE 802.15.4 and FireWire®.

The NOR Flash devices help small- and medium-sized businesses save time and money while accelerating time to market for their smart devices.



# INVOLVEMENT

Microchip Technology Incorporated is an active participant in the communities in which we operate. We give back by supporting and donating to schools, clubs, charities and through volunteer work. The ways in which we support the local communities where we operate reflects the diversity of the people and the needs of those communities. This section highlights some of the work that Microchip did in 2019

## STEM OUTREACH

At Microchip, we acknowledge that we have a responsibility to influence and impact the education of the next generation of engineers to create a stronger, better educated workforce through engagement with Science, Technology, Engineering and Math (STEM).

Microchip supports FIRST® (For Inspiration and Recognition of Science and Technology) and VEX robotics programs through our support of the REC Foundation (Robotics Education Competition). These organizations offer hands-on STEM learning through building robots for competition. Students interact with industry mentors and learn workforce skills such as time management, critical thinking, problem solving, teamwork, public speaking, and marketing.

In addition to ongoing support in Arizona, Microchip also supported a FIRST team in West Islip, NY. In April 2019, the team competed in two events and was awarded the Innovation in Control Award sponsored by Rockwell Automation and the Creativity Award sponsored by Xerox.

Microchip supports robotics programs in a number of financial and individual ways including:

- providing a full-time STEM representative to FIRST and VEX
- providing a Regional Director for FIRST in Arizona
- awarding 20 financial grants to “rookie” VEX teams
- offering facilities, supplies, and supply discounts for participants and staff volunteers working with FIRST, VEX, and AZFirst, a local non-profit supporting the robotics in Arizona
- supporting employees who mentor robotics teams and volunteer at events
- sponsoring VEX teams for the children of Microchip employees
- providing financial sponsorship to two FIRST regional events in Arizona
- providing financial sponsorship for the VEX World Championship
- hosting VEX tournaments at Microchip’s Chandler facility



# PROJECT CURE

Since 2007, Project C.U.R.E has been utilizing approximately 46,000 square feet of space donated by Microchip to store and deliver medical supplies and equipment. Project C.U.R.E. is the world’s largest distributor of donated medical supplies and equipment. Since 1987, life-saving supplies have been shipped to more than 130 nations worldwide. Project C.U.R.E. accomplishes this by taking excess unused items from local medical facilities and shipping them to under-resourced hospitals in developing countries.

The cost of warehouse space would typically be a large expense on the nonprofit's balance sheet, so Project C.U.R.E. leverages Microchip’s assistance to respond to the medical needs of developing countries. In 2019, volunteers packed one 40-foot cargo container bound for a refugee camp in Bangladesh with life-saving medical supplies and equipment.

The cargo, shipped from the Project C.U.R.E.’s Tempe warehouse, marked the completion of tireless efforts to provide aid to refugees who have fled from Myanmar into Bangladesh, mostly Rohingya refugees. The contents were customized to provide items desperately needed in refugee camps with supplies including gauze, dressings, syringes, oxygen supplies, respiratory supplies and disinfectants as well as equipment including surgical instruments, cautery pens, sphygmomanometers and suction machines. There are over 1 million recorded Rohingya refugees in Bangladesh, many of whom have limited access to medical care. The cargo filled with medical equipment and supplies had a far-reaching impact on the community by providing desperately needed items.



## PROJECT C.U.R.E. PHOENIX DISTRIBUTION CENTER MEDICAL DELIVERIES

	2017	2018	2019
Number of Shipments	40	31	23
Total Value of Shipments	\$15.11 million	\$11.56 million	\$6.83 million

# MICROCHIP SUPPORTS UNITED WAY

Microchip locations invest time and money to support the Pikes Peak United Way (PPUW), United Way of Columbia/Willamette (PDX) and Valley of the Sun United Way (VSUW) in Colorado Springs, CO, Portland, OR, and Phoenix, AZ respectively.

United Way directly invests in local communities by supporting organizations that serve children, provide resources to end hunger and homelessness, and increase the financial stability of at-risk communities.

Microchip supports these initiatives by participating in VSUW training events annually, donating on average \$245,000 each year to the VSUW, and creating educational opportunities for employees so they can also make a difference in the community. Microchip’s support of the PPUW and VSUW chapters range from participation in clean-up days to help gather school supplies for Back-to-School Drives.

In 2019, the VSUW celebrated Microchip’s contributions as the #7 highest campaign for employee and corporate giving for the 2,000 – 4,999 Employees category.

# THAILAND COMMUNITY AND CORPORATE SOCIAL RESPONSIBILITY AWARDS

2 0 1 7

- Business Ethics Standard Test Award (Best TCC Award) from the Thai Chamber of Commerce
- CSR-DIW Continuous AWARD Corporate Social Responsibility from the Ministry of Industry
- ER Award. Outstanding Employee Labor and Welfare from the Ministry of Labor
- Outstanding Disabled Employment Award from the Ministry of Social Development and Human Security
- The Standard on Prevention and Solution to Drug Problems in an Establishment Award from the Ministry of Labor

2 0 1 8

- Clean Food Good Taste Award from the Ministry of Public Health
- ER Award. Outstanding Employee Labor and Welfare from the Ministry of Labor
- The Prime's Minister Industry Award for Quality Management from the Ministry of Industry
- Outstanding Disabled Employment Award from the Ministry of Social Development and Human Security
- Recognition Certificate as the first ranked company to comply with Disability Employment In Chachoengsao from the Ministry of Labor
- Recognition Certificate as the outstanding workplace on Dual Vocational Management from the Ministry of Education

2 0 1 9

- Clean Food Good Taste Award from the Ministry of Public Health
- ER Award. Outstanding Employee Labor and Welfare from the Ministry of Labor
- CSR-DIW AWARD Corporate Social Responsibility from the Department of Industrial Works
- National Zero Waste to Landfill Award
- The Prime's Minister Industry Award for Environmental Quality Conservation
- Employment Promotion Award from the Ministry of Labor
- Outstanding contributions to the Social Security Fund from the Social Security Office





## MICROCHIP'S COMMITMENT TO TECHNOLOGY WORKFORCE DEVELOPMENT CONTINUES AT MT. HOOD COMMUNITY COLLEGE IN OREGON

Microchip's Fab 4 facility in Gresham, Ore., developed the new associate's degree program in mechatronics now being offered at nearby Mt. Hood Community College. Mechatronics course of study prepares students for a career in equipment maintenance and automation technology.

Five Microchip employees volunteered to spend weekends and evenings participating in the pilot class of 16 students. After many months of course and lab work, the graduates are better qualified for roles at manufacturing companies like Microchip.



## MICROCHIP'S NEW COLLEGE GRADUATE COHORT VOLUNTEERS AT ARIZONA FOODBANK

Microchip Chandler's spring 2019 New College Graduate (NCG) program cohort gave back to the Arizona community by holding a team building event at St. Mary's Food Bank in Phoenix. The NCG program is designed for recent university graduates coming from universities around the globe and are launching their careers at Microchip.

St. Mary's Food Bank is the largest food bank in Arizona and is the world's first food bank, started in 1967. St. Mary's depends heavily on volunteers to keep their operations moving as they distribute food to 700 nonprofit partners in nine Arizona counties.

During their visit, Microchip's 13 NCG members packed 768 large family grocery bags in a fast-moving assembly line within one hour.



## MICROCHIP COLORADO SPRINGS GIVES BACK IN MULTIPLE EFFORTS

The Fab 5 site in Colorado Springs held a variety of events to help the environment, serve others, and support employees in 2019. The site held a Military Care Package Drive, shipping 19 care packages to military members currently deployed to Afghanistan.

Employees also continued their annual Quail Lake Clean-up event, in collaboration with Colorado Springs Parks Division. More than 20 employees volunteered walked the Quail Lake trail and removed hundreds of pounds of litter from the park.

Fab 5 also held its annual Household Hazardous Waste and Recycling Day, a one-day event that gives employees a chance to safely and responsibly dispose of or recycle household products such as old paint, chemicals, batteries, and electronics. Nearly 3,000 pounds of household hazardous waste was collected.



## MICROCHIP PHILIPPINES SUPPORTS SCHOOL CHILDREN, ELDERLY IN THEIR COMMUNITY

Microchip Philippines is part of an annual adopt-a-classroom program and provided supplies, meals, and teacher gifts to the 150 first graders they are supporting this school year. The Test Engineering team at the Philippines facility volunteered for a day at a care home for elderly and special-needs individuals bringing food, toiletries, pantry essentials, and spending time visiting and entertaining residents.

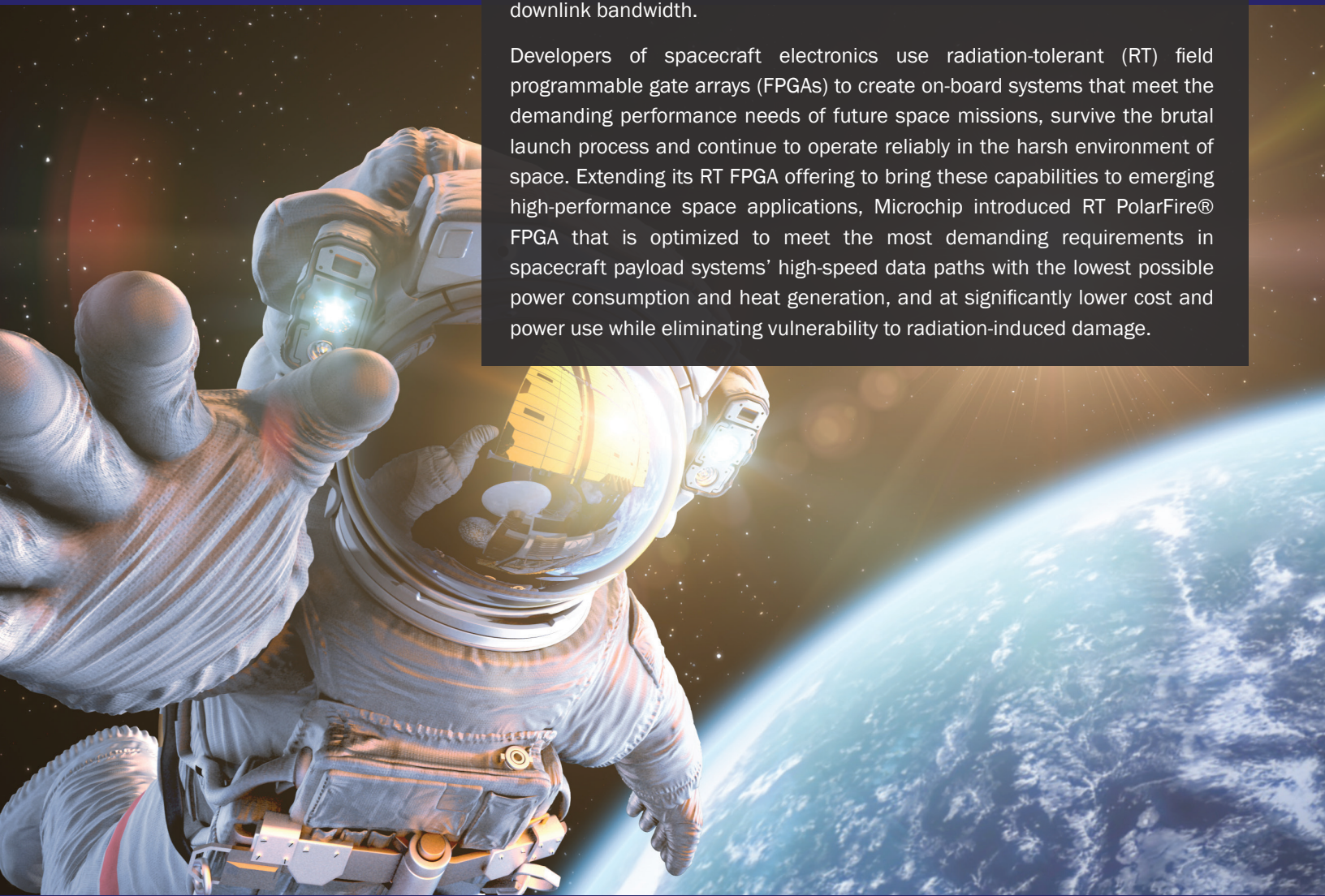
Microchip is proud to support volunteer efforts across our global operations.



# PROTECTING HIGH-SPEED DATA IN SPACE

As governments and companies pursue ever more complicated space missions, spacecraft electronics need to operate at higher levels of performance, lower power consumption and minimal heat dissipation, while reducing system-level costs. They also need greater computational performance so they can transmit processed information rather than raw data, and optimize limited downlink bandwidth.

Developers of spacecraft electronics use radiation-tolerant (RT) field programmable gate arrays (FPGAs) to create on-board systems that meet the demanding performance needs of future space missions, survive the brutal launch process and continue to operate reliably in the harsh environment of space. Extending its RT FPGA offering to bring these capabilities to emerging high-performance space applications, Microchip introduced RT PolarFire® FPGA that is optimized to meet the most demanding requirements in spacecraft payload systems' high-speed data paths with the lowest possible power consumption and heat generation, and at significantly lower cost and power use while eliminating vulnerability to radiation-induced damage.



# UNITED NATIONS GLOBAL COMPACT

Ethical business conduct is critical to our business. In addition to commitment to compliance with applicable laws and our Code of Business Conduct and Ethics and associated policies, Microchip became a participant in the UN Global Compact. The United Nations developed a global compact that includes 10 principles in the areas of human rights, labor, the environment, and anti-corruption. Microchip supports the UN Global Compact's core principles as stated in our commitment letter. Learn more at [www.unglobalcompact.org](http://www.unglobalcompact.org).

## SUMMARY OF REPORTING TO UN GLOBAL COMPACT PRINCIPLES

ISSUE	PRINCIPAL	PAGE
Human Rights	1: Businesses should support and respect the protection of internationally proclaimed human rights	12, 25, 31-32
	2: Make sure that they are not complicit in human rights abuses	12-13, 31-32
Labor	3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	25
	4: The elimination of all forms of forced and compulsory labor	12, 25, 31-32
	5: The effective abolition of child labor	12, 25, 31-32
	6: The elimination of discrimination in respect of employment and occupation	12, 24-25, 32
Environment	7: Businesses should support a precautionary approach to environmental challenges	16
	8: Undertake initiatives to promote greater environmental responsibility	16-23
	9: Encourage the development and diffusion of environmentally friendly technologies	14, 19, 23, 30, 36, 42
Anti-Corruption	10: Businesses should work against corruption in all its forms, including extortion and bribery	11-13



# SUSTAINABILITY REPORTING STANDARD

## CHANGES TO OUR REPORTING BOUNDARIES

We have used the Global Reporting Initiative's Sustainability Reporting Standard to inform our reporting processes, boundaries and content. The following table provides a reference for relevant GRI indicators. This Sustainability Report boundary includes all facilities owned and operated by Microchip. There are no changes to the boundaries from previous years unless explicitly stated in a data table.

## UPDATES AND CORRECTIONS

There are no restatements to data from past years.

GRI STANDARD	GRI TOPIC	INDICATOR	DESCRIPTION	PAGE
GRI 102 - General Disclosures - 2016	Organizational Profile	102-1	Name of Organization	3
GRI 102 - General Disclosures - 2016	Organizational Profile	102-2	Activities, brands, products and services	6
GRI 102 - General Disclosures - 2016	Organizational Profile	102-3	Location of headquarters	6
GRI 102 - General Disclosures - 2016	Organizational Profile	102-4	Location of operations	6
GRI 102 - General Disclosures - 2016	Organizational Profile	102-5	Ownership and legal form	6
GRI 102 - General Disclosures - 2016	Organizational Profile	102-6	Markets served	6
GRI 102 - General Disclosures - 2016	Organizational Profile	102-7	Scale of the organization	6
GRI 102 - General Disclosures - 2016	Organizational Profile	102-12	External initiatives	9
GRI 102 - General Disclosures - 2016	Organizational Profile	102-13	Memberships of associations	9
GRI 102 - General Disclosures - 2016	Strategy	102-14	Statement from senior decision-maker	4-5
GRI 102 - General Disclosures - 2016	Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	11-12
GRI 102 - General Disclosures - 2016	Ethics and Integrity	102-17	Mechanisms for advice and concerns about ethics	12, 24
GRI 102 - General Disclosures - 2016	Governance	102-18	Governance structure	9
GRI 102 - General Disclosures - 2016	Governance	102-21	Consulting stakeholders on economic, environmental, and social topics	10
GRI 102 - General Disclosures - 2016	Governance	102-22	Composition of the highest governance body and its committees	6-8
GRI 102 - General Disclosures - 2016	Governance	102-23	Chair of the highest governance body	7
GRI 102 - General Disclosures - 2016	Governance	102-24	Nominating and selecting the highest governance body	6-7
GRI 102 - General Disclosures - 2016	Governance	102-31	Review of economic, environmental, and social topics	15
GRI 102 - General Disclosures - 2016	Stakeholder Engagement	102-40	List of stakeholder groups	10
GRI 102 - General Disclosures - 2016	Stakeholder Engagement	102-41	Collective bargaining agreements	25
GRI 102 - General Disclosures - 2016	Stakeholder Engagement	102-42	Identifying and selecting stakeholders	10
GRI 102 - General Disclosures - 2016	Stakeholder Engagement	102-43	Approach to stakeholder engagement	10
GRI 102 - General Disclosures - 2016	Stakeholder Engagement	102-44	Key topics and concerns raised	10
GRI 102 - General Disclosures - 2016	Reporting Practice	102-46	Defining report content and topic boundaries	44
GRI 102 - General Disclosures - 2016	Reporting Practice	102-47	List of material topics	15

GRI STANDARD	GRI TOPIC	INDICATOR	DESCRIPTION	PAGE
GRI 102 - General Disclosures - 2016	Reporting Practice	102-48	Restatements of information	44
GRI 102 - General Disclosures - 2016	Reporting Practice	102-49	Changes in reporting	44
GRI 102 - General Disclosures - 2016	Reporting Practice	102-50	Reporting period	3
GRI 102 - General Disclosures - 2016	Reporting Practice	102-51	Date of most recent report	3
GRI 102 - General Disclosures - 2016	Reporting Practice	102-52	Reporting cycle	3
GRI 102 - General Disclosures - 2016	Reporting Practice	102-53	Contact point for questions regarding the report	3
GRI 102 - General Disclosures - 2016	Reporting Practice	102-54	Claims of reporting in accordance with the GRI standards	44
GRI 102 - General Disclosures - 2016	Reporting Practice	102-55	GRI content index	44-45
GRI 102 - General Disclosures - 2016	Reporting Practice	102-56	External assurance	3
GRI 103 - 2016	Management Approach	103-1	Explanation of the material topic and its boundary	15
GRI 103 - 2016	Management Approach	103-2	The management approach and its components	11-12, 16-18, 20-21, 24-26, 28, 31-35
GRI 205 - 2016	Anti-Corruption	205-3	Confirmed incidents of corruption and actions taken	13
GRI 206 - 2016	Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	13
GRI 302 - 2016	Energy	302-1	Energy consumption within the organization	18
GRI 302 - 2016	Energy	302-2	Energy consumption outside of the organization	18
GRI 302 - 2016	Energy	302-4	Reduction of energy consumption	18
GRI 302 - 2016	Energy	302-5	Reductions in energy requirements of products and services	14, 19, 23, 30, 36, 42
GRI 302 - 2018	Water and Effluents	303-2	Management of water discharge-related impacts	21-22
GRI 302 - 2018	Water and Effluents	303-3	Water withdrawal	21
GRI 302 - 2018	Water and Effluents	303-4	Water discharge	21
GRI 305 - 2016	Emissions	305-1	Direct (Scope 1) GHG emissions	17
GRI 305 - 2016	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	17
GRI 305 - 2016	Emissions	305-5	Reduction of GHG emissions	18
GRI 306 - 2016	Effluents and Waste	306-2	Waste by type and disposal method	20
GRI 307 - 2016	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	13
GRI 401 - 2016	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	25
GRI 403 - 2018	Occupational Health and Safety	403-1	Occupational health and safety management system	28
GRI 403 - 2018	Occupational Health and Safety	403-9	Work-related injuries	28
GRI 414 - 2016	Supplier Social Assessments	414-1	New suppliers that were screened using social criteria	31-32
GRI 416 - 2016	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	13
GRI 419 - 2016	Socioeconomic Compliance	419 -1	Non-compliance with laws and regulations in the social and economic area	13

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