

Corporate Responsibility



A Leading Provider of Smart, Connected and Secure Embedded Control Solutions



SMART | CONNECTED | SECURE

August 2nd, 2023

Our Commitment

Our vision to be the leading supplier of smart, connected and secure 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.



Ganesh Moorthy

President & CEO



Steve Sanghi

Executive Chair



Mission and Guiding Values



PURPOSE
Empowering innovation which enhances the human experience by delivering smart, connected solutions.

VISION
Be the very best embedded control solutions company ever.

MISSION STATEMENT
Microchip Technology is a leading supplier of embedded control solutions by delivering specialized microcontrollers, FPGA products; analog, mixed-signal, timing and security connectivity products; related non-volatile memory products and Flash-IP solutions.
In order to contribute to the ongoing success of customers, employees, shareholders, our mission is to focus resources on high value, high quality products, total system solutions and continuously improve all aspects of our business, providing an industry leading return on investment.

GUIDING VALUES

- 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 and Security Are Never Compromised
- Profits And Growth Provide For Everything We Do
- Communication Is Vital
- Suppliers, Representatives And Distributors Are Our Partners
- Professional Ethics and Social Responsibility Are Practiced

 MICROCHIP

microchip.com

Our Purpose, Vision, Mission Statement and Guiding Values are the DNA of the company; a living, breathing ethos that **provides every employee the framework in which to make the right decision** in any circumstance.

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.

Spontaneous initiative and action, rather than rules driven behavior, is the result of our collective adherence to the Guiding Values.



The Aggregate System



Governance Practices



- **Independence and Composition**

- 75% of BOD members are independent
- 100% of committee members are independent
- 2 of 8 BOD members are women
- 3 of 8 BOD members are ethnically diverse
- No compensation committee interlocks or insider participation

- **Accountability**

- Annual election of all Directors
- Majority voting with Director resignation policy
- Annual BOD and committee self-evaluation
- Annual say on pay vote
- Strict anti-hedging, anti-short sale and anti-pledging policies
- Stock ownership requirement for Directors, Officers and company executives

- **Shareholder Rights**

- Proxy access
- No poison pill or dual class shareholders

- **Stewardship**

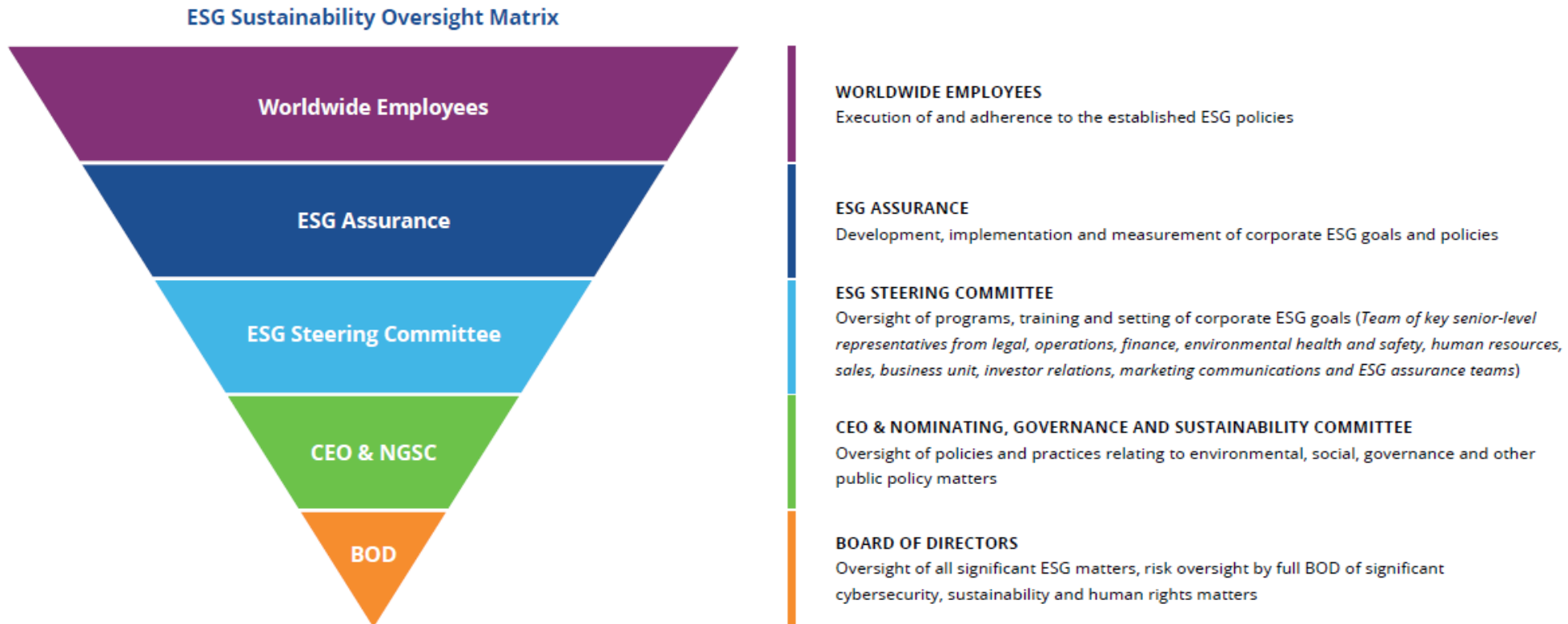
- No BOD members are over-boarded
- BOD succession planning and refreshment
- CEO and executive succession planning
- Annual reviews of committee charters, code of business conduct and ethics, and corporate governance guidelines
- Risk oversight by full BOD of significant Cybersecurity, Sustainability and Human Rights matters

- **Compensation Practices**

- Performance-based with a variety of metrics
- Executive Officer bonuses have the same measurement targets as all employees
- A portion of our quarterly management incentive bonus is tied to progress on our annual ESG goals

ESG Oversight

- Our focus for the fiscal year is on programs related to environmental sustainability, supply chain transparency, combatting forced labor and inclusion.
- For more information on our programs, please see our website and our latest Sustainability Report at <https://www.microchip.com/en-us/about/corporate-responsibility/sustainability>



Continuous Improvement

Microchip is committed to minimizing the environmental impact of our operations and products within the global communities in which we operate and where our products are found.



GHG
Emissions



Energy
Consumption



Water
Management



Waste
Reduction
and Reuse



Our environmental practices and regulatory compliance meet or exceed the requirements laid out in international standards such as ISO/TS-16949, ISO-9001, ISO 14001 and OHSAS 18001.



Environmental Responsibility

NET ZERO BY
2040



Microchip Technology is committed to reducing our impact on the environment through efficient use of resources, reduction of waste, and achieving Net Zero carbon emissions where we remove as much, or more, of the carbon from the atmosphere as we create.

Environmental Progress



GHG Emissions

**Short-term
Target Achieved**
(15% Scope 1 Reduction by 2023)

Target Net Zero by
2040



Energy Efficiency

10% reduction in
energy usage in
2022

Target 100%
electricity sourced
from renewables by
2040



Water Management

200 Mn gallons
water recycled

18% decrease in
effluent wastewater
discharge



Waste Diversion

11 Mn lbs. diverted
from landfills in 2022

Target 100% waste
diversion from
landfills by 2040



Professional Ethics Are Practiced ...Through Honesty, Accountability and Integrity



Our code of conduct for labor practices, health and safety standards, environmental protection and global citizenship flows directly from our Guiding Values.

Full Membership in the RBA creates accountability of our commitment through independent verification to industry standards.



Suppliers Are Our Partners ...in the Achievement of Our Guiding Values



Our **Supplier Code of Conduct**, adopted from the **Responsible Business Alliance Code of Conduct**, requires that all suppliers are working with us in our aggregate system approach to corporate social responsibility.



We understand our potential supply chain risks and recovery timing. Our key manufacturing subcontractors have mature BCP programs in place which are reviewed as part of Quarterly Business Reviews.

Products and Technology are Our Foundation

We contribute to reducing environmental impact by offering a wide array of products that help designers reduce power consumption and make end products more energy-efficient.



Energy Generation, Storage and Distribution

- Solar Power Systems, Solar Inverters
- Wind Turbines
- Alternative Energy such as Biomass
- Hydrogen Fuel Cells
- Energy Storage Systems (Battery Charging, Battery Management Systems)
- Smart Grid Applications



Efficient Energy and Water Use

- Smart Agriculture (targeted irrigation & fertilization)
- High Efficiency Power Supplies/Inverters
- Higher Efficiency Motor Control
- LED Lighting
- Smart Dimmers, Actuators and Valves
- Heating, Ventilation and Air Conditioning
- ENERGY STAR® Appliances



Resource Monitoring and Optimization

- Smart Electric/Water/Gas Meters
- In-Home Energy Displays and Awareness Systems
- Motion Sensors
- Leak Detection
- Building Management (Light, Energy use)



Waste Reduction and Reuse

- Smart Waste Management
- Water Bottle Refilling Stations
- Smart Irrigation Systems
- Asset Tracking
- Public Restroom Dispensers (Soap, Paper, Water)
- Low Standby Power

Employees Are Our Greatest Strength

We design jobs and provide opportunities promoting employee teamwork, productivity, creativity, pride in work, trust, integrity, fairness, involvement, development and empowerment.



LABOR

Equality 	Freely Chosen Employment 	Wages and Benefits 	Child Labor
--------------	------------------------------	------------------------	-----------------

HEALTH & SAFETY

Occupational Safety 	Emergency Preparedness 	Chemical and Machine Safety 	Sanitation, Food and Housing
-------------------------	----------------------------	---------------------------------	----------------------------------

ETHICS

Business Integrity 	Disclosure of Information 	Responsible Sourcing of Minerals 	Worker Feedback
------------------------	-------------------------------	--------------------------------------	---------------------

Community Involvement

Microchip Technology Incorporated is an active participant in the communities in which we operate globally. We give back by supporting and donating to schools, clubs, charities and through volunteer work. We provide two paid days per calendar year for any employee to participate in Microchip organized events with local charities. The ways in which we support the local communities where we operate reflect the diversity of the people and the needs of those communities.



Microchip supports these initiatives by participating in VSUW training events annually, donating on average \$245,000 each year to the VSUW.



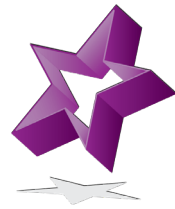
Since 2007, Project C.U.R.E has been utilizing approximately 46,000 square feet of space donated by Microchip to store and deliver medical supplies and equipment.



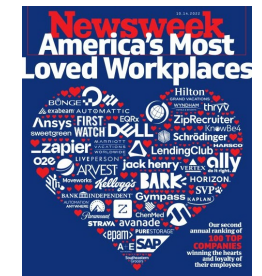
- Robotics Competitions
- *Junior FIRST LEGO League*
- *LEGO® League*
- *Vex Challenge*




Awards



San Francisco Chronicle



A map of the Americas, including North and South America, is formed by a dense layer of green moss. The moss is placed on a light-colored, textured paper background that is speckled with small, colorful dots in shades of yellow, red, blue, and green. The text is centered on the right side of the image.

**Diversity is a Fact
Inclusion is a Choice
Belonging is the Result**



MICROCHIP

Empowering Innovation

Microchip Technology Inc. | 2355 W. Chandler Blvd. | Chandler AZ, 85224-6199 | microchip.com