



Microchip Corporate Governance Guidelines

These corporate governance guidelines have been approved by the Board of Directors (the “Board”) of Microchip Technology Incorporated (“Microchip” or the “Company”) upon the recommendation of the Nominating and Governance Committee of the Board. These guidelines, together with the charters of our Board committees, provide the general framework for the governance of Microchip. Our corporate governance guidelines, and the charters of our Board committees, are posted on our website.

- 1. Role of Board, Committees and Management.** The Board is elected by the stockholders to oversee management, and focuses on enhancing the long-term value of the Company. The Board currently has three committees to assist with Board responsibilities: an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. The Board may form new committees as it deems appropriate from time to time.

The Nominating and Governance Committee of the Board shall assess the adequacy of these guidelines annually and recommend any proposed changes to the Board for its consideration.

The Chief Executive Officer (the “CEO”), or if there is no CEO, the President of the Company, has general supervision and control of Microchip’s business, subject to the direction of the Board. Microchip’s executive officers, senior managers and other key employees, under the general direction of the CEO (or President, if applicable), conduct Microchip’s business with the goal of enhancing the long-term value of the Company.

Both the Board and management believe that managing the Company with a principal focus on long-term value will promote the best interests of stockholders as well as employees, customers, suppliers and the communities in which Microchip operates.

- 2. Functions of the Board.** The Board generally has four regularly scheduled meetings a year at which it reviews and discusses reports by management on the performance of the Company, our strategy and our operating plan, as well as other matters. Directors are expected to attend all scheduled Board and Board committee meetings and to actively participate as necessary to fulfill their responsibilities. All Directors are expected to attend the annual meeting of stockholders absent a conflict. In addition to its general oversight of management, the Board and Board committees perform a number of specific functions, including:
 - a. selecting the CEO and conducting CEO succession planning;
 - b. providing advice and oversight on the selection, evaluation, development and compensation of our executive officers;
 - c. reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
 - d. evaluating and assessing the management of significant risks facing the Company; and
 - e. reviewing and monitoring the guidelines and policies which are in place for addressing conflicts of interest, the integrity of the Company’s financial statements, and compliance with laws.

The Board may delegate, and in a number of cases already has delegated, certain specific functions described above to one or more committees of the Board.

- 3. Qualifications.** We believe Directors should have demonstrated character, judgment, relevant business, functional and industry experience, and a high degree of skill. The Board believes it is important that the members of the Board represent diverse viewpoints and be committed to serving the best interests of the Company. 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.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and must be committed to serve on the Board for an extended period of time. In addition, prior to agreeing to serve on the board of directors of any other public company or any company that is seeking to become public, a Director must receive approval of the Chair of the Board and the Chair of the Nominating and Governance Committee. Requests for such approval should be provided as promptly as reasonably practicable so that the potential for conflicts, overboarding or other factors that may compromise the Director's ability to perform his or her duties and responsibilities to Microchip's Board may be assessed.

Non-employee Directors may not serve on more than five public company boards. Management Directors may not serve on the board of directors of more than two public companies in addition to the Microchip Board. There shall be no limit on the number of private company or non-profit company boards on which a Director may serve so long as service on such boards does not conflict with a Director's obligations as a Director of the Company.

The Company believes that it is essential that the Board consist of experienced directors who are very familiar with the Company's business and culture. The Board does not believe that arbitrary term limits on Directors' service are appropriate, nor does it believe that Directors should expect to automatically be re-nominated annually until they choose to step down. Individuals will not be nominated for election to the Board after their 75th birthday. Exceptions to this policy can be made with the unanimous approval of the Board. The director in question will not participate in the Board's decision regarding exceptions.

- 4. Non-Employee Director Job Change.** Directors should promptly notify the CEO and the Chair of the Nominating and Governance Committee in the event of any significant change in their personal circumstances that is likely to negatively impact the time they have to devote to the Company, including a material change in their principal job responsibilities. At the request of the Board following the recommendation of the Nominating and Governance Committee, a non-employee Director shall tender his or her resignation at the next meeting of the Nominating and Governance Committee in the event of a material change in job status from the status held at the time of election to the Board. The Nominating and Governance Committee will review whether the new occupation, or retirement, of the non-employee Director is consistent with the needs and composition of the Board at that time. The Nominating and Governance Committee will recommend whether to accept such resignation or take any other action to the full Board based on the results of the review.
- 5. Board Operations and Meetings.** At meetings of the Board, sufficient time should be scheduled to allow for discussion of important matters. Management presentations should be scheduled to permit sufficient Board meeting time to be available for discussion and comment.

Each member of the Board is expected to ensure that other commitments do not materially interfere with the member's service as director. To facilitate participation, directors may attend meetings of the Board or Board committees in person, via telephone conference or via video-conference.

The Board's practice is to have a separate meeting time scheduled for the independent directors on a quarterly basis. The Board's practice is to have an executive session with the CEO on a quarterly basis.

In order that interested parties may be able to make their concerns known to the non-employee Directors, the Company has put in place a policy regarding Reporting Legal Non-Compliance (also HR-675, SPI-50315).

6. **Independence of Directors.** A majority of the Directors must be independent Directors under the independence requirements set by applicable law, including the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission and the Nasdaq Stock Market. (“Independent Directors”). To be considered independent under the Nasdaq independence standards, the Board must determine that a Director does not have any direct or indirect material relationship with Microchip. The Board recognizes that Directors who do not meet the Nasdaq independence standards may make valuable contributions to the Board and to the Company by reason of their skills, experience, and knowledge.
7. **Non-Employee Director Stock Ownership Guidelines.** The Board believes it is important for non-employee Directors and management to have a significant ownership interest in the Company’s common stock. To support this objective, non-employee Director’s ownership of Microchip common stock should equal the lesser of \$250,000 or 3,000 shares by the fourth anniversary of their initial appointment or election to the Board. Unexercised stock options or restricted shares that require additional payments or services do not constitute shares that are owned for purposes of these stock ownership guidelines. Management Directors are subject to the stock ownership guidelines applicable to executive officers of the Company.
8. **Selection of Chairman.** The Board does not have a standard regarding whether or not the roles of the Chair of the Board and CEO should be separate. The Board believes it should be free to determine what is best for the Company at a given point in time.
9. **Size of Board and Selection Process.** The Directors are elected each year by the stockholders at the annual meeting of stockholders. After recommendations for nominees are made to it by the Nominating and Governance Committee, the Board proposes a slate of nominees to the stockholders for election to the Board. The Nominating and Governance Committee periodically reviews and recommends the size of the Board, while the Board determines the size of the Board. Between stockholder meetings, and after recommendations for nominees are made to it by the Nominating and Governance Committee, the Board may fill any vacancy on the Board, including a vacancy caused by enlargement of the Board, to serve until the next annual meeting of stockholders. The Board believes that, given the size and breadth of Microchip and the need for diversity of Board views, the size of the Board should be five to seven Directors.
10. **Majority Voting Policy in Uncontested Elections.** In accordance with the Company’s Bylaws, in an uncontested election of directors (i.e., the number of candidates for election as director does not exceed the number of directors to be elected), a nominee for election or reelection to the Board must receive more votes cast for than against his or her election or reelection to be elected or reelected to the Board. The Board expects a director to tender his or her resignation if he or she fails to receive the required number of votes for reelection. The Board shall nominate for election or reelection as directors only candidates who agree to tender, promptly following the stockholders’ meeting at which they are elected or reelected as director, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the next stockholders’ meeting at which they face reelection and (ii) the Board’s acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors in accordance with this Board policy. If an incumbent director fails to receive the required vote for reelection, the Nominating and Governance Committee will act on an expedited basis to determine whether to accept the director’s resignation and will submit such recommendation for consideration by the Board. The Board will determine whether to accept or reject such resignation within 90 days from the certification of the election results. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating and Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director’s resignation.
11. **Committee Matters.** The duties and qualifications for membership on Board’s committees shall be outlined in each of the committee’s charters or by further action of the Board. The Chair of each committee of the Board will, in consultation with appropriate committee members and members of management, and in accordance with the committee’s charter, determine the frequency and length of committee meetings, develop the committee’s agenda and summarize key actions taken at committee meetings to the full Board. Committees may hold meetings at or in conjunction with meetings of the full Board. Each Board committee shall annually review its charter and recommend to the Board any changes it deems necessary.

- 12. Independence of Committee Members.** In addition to the requirement that a majority of the Board shall be Independent Directors, (a) the members of the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee shall be comprised entirely of Independent Directors, and (b) all committee members shall meet the membership criteria specified in the respective committee charters.
- 13. Assignment and Rotation of Committee Members.** Members of the Nominating and Governance Committee are appointed by the Board. Members of the Audit and Compensation Committees, and their Chairs, are appointed by the Board after being recommended by the Nominating and Governance Committee. We believe that while rotating committee members should be considered periodically, the Board does not believe rotation should be mandated as a policy since there are significant benefits attributable to continuity, experience gained in service on particular committees, and effectively utilizing the individual talents of Board members.
- 14. Self-Evaluation.** Under the charter of each Board committee, each committee will perform an annual self-evaluation. The Nominating and Governance Committee will review and evaluate the performance of the Board.
- 15. Ethics and Conflicts of Interest.** The Board expects Microchip Directors, as well as officers and employees, to act ethically at all times and to adhere to the requirements set forth in Microchip's Code of Business Conduct and Ethics (also called HR-690, or SPI-50317), a copy of which is publicly available on the Microchip website. If a conflict of interest arises for a Director, the Director shall promptly inform the Board. Any waiver approved by the Board shall be promptly disclosed to stockholders to the extent required by applicable SEC and NASDAQ rules. All Directors will recuse themselves from any decision affecting their personal, business or professional interests, excluding Director compensation matters. The Audit Committee of the Board shall review and approve such transactions for which audit committee approval is required by applicable law or the rules of the Nasdaq Stock Market.
- 16. Reporting of Concerns to Non-Employee Directors or the Audit Committee.** Anyone who has a concern about Microchip's conduct, or about the Company's accounting, internal accounting controls or auditing matters, may communicate that concern directly to the Audit Committee Chair (HR-675, or SPI-50315). Concerns relating to accounting, internal controls, auditing or officer conduct that are sent to someone other than Audit Committee Chair shall be sent immediately by the person who receives such a concern to the Audit Committee Chair. The status of all outstanding concerns will be reported to the Audit Committee Chair on a quarterly basis. The Audit Committee Chair, may direct that certain matters be presented to the Audit Committee or the full Board and may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company's Code of Business Conduct and Ethics (also called HR-690, or SPI-50317) prohibits any retaliation against any officer or employee who, acting in good faith, reports suspected misconduct.
- 17. Succession Plan.** The Board shall maintain a succession plan for the CEO and other senior executives. The Board shall review the development of senior managers with high potential and meet from time to time with senior managers at Board meetings or otherwise to exchange information and foster development of future Company leadership.
- 18. Compensation of Board.** The Compensation Committee is responsible for reviewing and recommending to the Board compensation (i.e., director fees, whether in cash or equity) and other benefits for non-employee Directors. The committee shall act to help ensure that compensation should fairly pay Directors for work required in a company of Microchip's size and scope; compensation should align Directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand.
- 19. Annual Compensation Review of Senior Management.** The Compensation Committee reviews and approves all compensation and benefit plans for the CEO and the other executive officers of the Company, including, without limitation, (a) the annual base salary, (b) the quarterly incentive bonuses, including the specific goals and amounts, (c) equity compensation, (d) any employment agreements, severance arrangements, and change in control agreements/provisions and (e) any other benefits, compensation or arrangements. Equity compensation arrangements involving executive officers that are "reporting persons" for purposes of Section 16 of the Exchange Act shall be reviewed and approved by the Compensation Committee to ensure compliance with SEC Rule 16b-3. The CEO shall not be present during the voting and any deliberations with respect to the CEO's compensation.

- 20. Access to Management.** Directors may contact senior managers of the Company without executive officers present for the purpose of obtaining information regarding the Company's activities and business and to enable them to fulfill their duties as directors. Furthermore, the Board encourages management to, from time to time, bring senior managers into meetings of the Board who: (a) can provide additional insight into the items being discussed, or (b) are managers with future potential for the purpose of exposure to the Board.
- 21. Access to Other Parties.** The Board believes that management speaks for the Company. Individual members of the Board may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that members of the Board would do this with the knowledge of the CEO, and in most instances, at the request of senior management.
- 22. Access to Independent Advisors.** The Board and its committees, including the non-employee Directors when convening in executive session, shall have the right at any time to retain independent outside financial, legal or other advisors.
- 23. Director Orientation and Continuing Education.** The CEO, in consultation with such other members of the Board or management as the CEO deems appropriate or such persons as are otherwise identified by the Board or the Nominating and Governance Committee, shall be responsible for providing an orientation for new Directors, and for periodically providing materials or briefing sessions or otherwise making available training opportunities for Directors on subjects that would assist them in discharging their duties. Each new Director shall complete an orientation program as soon as practical after election to the Board. The orientation program will include presentations by management designed to familiarize the new Director with the Company's business and strategic plans, key policies and practices, principal officers and management structure, auditing and compliance processes, its code of business conduct and ethics, or similar documents. The Board believes that ongoing education is important for maintaining a current and effective Board. Accordingly, the Board encourages directors to periodically attend director education programs or take other available training.

Approved by the Board of Directors on August 18, 2020