



Period covered by our Communication on Progress (COP) From: January – December 2014

Statement of continued support by the Chief Executive Officer (CEO)

To Our Stakeholders:

When Microchip Technology joined the UN Global Compact, it was because we wanted to promote responsible business conduct, uphold labor and human rights, and continue to operate in an environmentally-responsible way.

In this document, our first Communication on Progress, we are proud to share selected examples of how Microchip supports these values in our operations, in our supply chain, and through our work with local communities. It covers the 2013 calendar year, with references to key accomplishments achieved in more recent months as well. It is our intent to publish a more comprehensive, corporate sustainability report in the fall of 2015, and in each subsequent year as well.

While we have always placed great emphasis on complying with applicable laws and policies, we are also proud of the voluntary environmental and social initiatives that we undertake. We are committed to being a company of which our stakeholders can be proud, and pleased to be counted among other like-minded signatories to the UN Global Compact.

Steve Sanghi
President and Chief Executive Officer
Microchip Technology Incorporated

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Assessment, Policy and Goals

Microchip is strongly committed to supporting human rights within our operations and our supply chain. As a semiconductor company with a global presence, we are careful to maintain compliance with local laws and regulations in each jurisdiction where we operate. In addition, we participate in voluntary programs like the UN Global Compact that encourage additional diligence on human rights issues. We have strong human resources policies that protect and uphold human rights, including equal treatment and freedom from discrimination, freedom of religion and expression, and others enumerated in the UN Declaration of Human Rights.

Human rights in our direct operations are always a priority. Additionally, we care about human rights in our supply chain. We are currently focusing on investigating whether we have conflict minerals in our supply chain. Like our peers, we source raw materials from around the world. Due to concerns about armed militia involvement in mining operations in (and near) the Democratic Republic of Congo (DRC), many companies have taken steps to identify and eliminate sourcing of these minerals, specifically tantalum, tin, tungsten, and gold, from DRC-area mines.

In the United States, Section 1502 of the Dodd–Frank Wall Street Reform and Consumer Protection Act was signed into law in 2010. The law requires US companies to verify and disclose their sources of cassiterite, wolframite, columbite-tantalite, and gold with a phased-in approach over several years. Microchip complies with this law, and is working with industry peers and customers to better understand and eliminate conflict minerals throughout the supply chain.

Implementation

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

- Participating with the Electronic Industry Citizenship Coalition (“EICC”) and Global e-Sustainability Initiative’s (“GeSI”) Conflict Free Sourcing Initiative (CFSI) that is facilitating audit programs for smelters and refiners.
- Conducting Reasonable Country of Origin Inquiries and subsequent sourcing due diligence required by the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). Microchip uses the CFSI Conflict Minerals Reporting Template for this purpose.
- Providing information to customers and suppliers and expecting each to source materials from environmentally and socially responsible supply chains.
- Publicly disclosing our policy and implementation progress at www.microchip.com.
- Ultimately, expecting to provide reasonable assurance our products are DRC conflict free.

Measurement of outcomes

Microchip is continuously working to make sure that the minerals used in our integrated circuits are sourced responsibly. In compliance with Dodd-Frank, we annually conduct a Reasonable Country of Origin Inquiry to gather basic information and the names and geographical locations for smelters reported to be in our supply chain. We then conduct preliminary due diligence to understand the smelters' mineral sourcing practices. For those smelters found to source within the Democratic Republic of Congo and adjoining countries ("Covered Countries"), we and our due diligence consultant conduct rigorous additional due diligence, including direct smelter engagement, research of area mineralization, and research locating both positive and contrary, if any, evidence of responsible sourcing from the smelters' websites, UN Group of Experts, the CFSI Conflict Free Smelter Program, governmental authorities, and NGOs. Microchip's due diligence has verified that all reported smelters sourcing within the Covered Countries are recognized DRC conflict free by the CFSI Conflict Free Smelter Program. Microchip's Form SD for Conflict Minerals and its attached Conflict Minerals Report may be found at www.microchip.com > About Us > Investor Relations > SEC Filings > Fiscal Year 2015 (page 2).

Ultimately, we expect to provide reasonable assurance that integrated circuits manufactured by Microchip Technology are DRC conflict free. In calendar year 2014, with due diligence extending through March 4, 2015, we made substantial progress toward that goal. We successfully removed smelters from our integrated circuits supply chain that were uncooperative with the CFSI Conflict Free Smelter Program and, through March 4, 2015, smelters that had been actively cooperating but were no longer cooperating. Where we find mineral sourcing risks, we present them to our executive management for discussion.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Assessment, Policy and Goals

Microchip is a U.S. company with operations around the world. These operations include primary manufacturing located in the United States, 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.

To ensure the right of each employee to equal employment opportunities, our EEO policy prohibits discrimination based on the basis of sex and makes provision for employees to work in an environment free of intimidation or harassment. We also have a separate sexual harassment policy that explicitly outlines appropriate behavior in the office and grievance procedures if problems arise.

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 plan and career development opportunities.

Implementation

Training on the labor rights provisions, which are included in our Code of Conduct is conducted annually. We also encourage people to come forward with any grievances or concerns for a thorough investigation. We are proud to report that there were no substantiated complaints, lawsuits, or allegations against Microchip or its employees during the 2013-2014 period.

Measurement of outcomes

In 2013 and 2014, our San Jose CA area facilities were honored with the "Top Workplaces Program" award from the Bay Area News. This program looks at surveys filled out by employees and then ranks companies based off the survey results.

In 2012 and 2013, Microchip received the "Training Top 125" award from Training Magazine, which recognizes companies with robust workforce training and development programs.

In 2013, one of our Thailand facilities won the "Outstanding White Factory of Chachoengsao Province" award. This award, given out by Thailand's Labor Department, recognizes factories that urge all companies to be aware of illegal drugs or any substance abuse problem and mutually campaign the continuous prevention, prevent the spreading of illegal drugs to the

workplace, encourage all members to effectively spend their free time, and enhance all members' quality of lives and families.

We are proud to have no substantiated complaints, lawsuits, violations, or fines related to labor matters, including discrimination, sexual harassment, or collective bargaining during the 2013 - 2014 reporting period.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Assessment, Policy and Goals

We take environmental responsibility seriously at Microchip. From our operations to our supply chain to our products, environmental considerations are embedded into our decision-making processes.

Our commitment to environmental responsibility begins with compliance with laws and regulations in each of the areas where we operate. We have dedicated environmental, health and safety (EHS) team that ensures we meet all local, state, national, and international requirements. Our corporate EHS policy, available on our website, also lays out our corporate commitment to pursue pollution prevention practices, incorporate health and safety into the daily lives of our employees and those in our communities, and comply with applicable environmental, and health and safety laws. Microchip is committed to integrating environmental, health, and safety considerations into the planning and assessment of our business using the innovation, creativity, and ingenuity of our employees.

At Microchip, we specialize in high-efficiency semiconductor microcontrollers, analog, wireless, and human interface products. Microchip offers many different products that help our customers' design and manufacture environmentally-preferable products. For example, our products are used in "smart home" energy monitoring, LED lighting applications, and low-power home appliances (which allow appliances to cycle into sleep modes to save energy). We see the continued development of high-efficiency products to be central to our R&D efforts, providing customers with environmentally-preferable options while making us a supplier of choice.

In addition to our focus on environmentally-preferable products, we also seek out ways to directly minimize the environmental footprint of our operations. For example, one popular program is Microchip's trip reduction programs for Chandler, Tempe, and Gresham facilities, which give employees incentives to use a carpool, take a bus, bike, or walk to work. We also ask our employees to recycle waste products in the workplace, like paper, cardboard, aluminum cans, and many types of plastics.

Implementation

Energy conservation and reducing the number of batteries in the waste stream are important initiatives to be considered when designing electronic applications. The latest devices must minimize power consumption, and—in extreme cases—they may be required to last for up to 15–20 years while running from a single battery. To enable our customers to develop these low-power applications, we continue to expand upon our nanoWatt eXtreme Low Power (XLP) technology.

Intelligent power supplies is another way Microchip offers environmentally friendly technologies to our customers. To enable our clients to make intelligent power supplies which use less energy more efficiently, Microchip provides a broad portfolio of microcontrollers and digital signal controllers, reference designs that achieve ENERGY STAR®'s 80 PLUS Platinum efficiency levels, and power conversion development tools, software, trainings, and more.

Although induction based cooking is not a new technology, it is slowly starting to gain traction. Through incorporation of Microchip's products, the induction cooktop can use up to 60% less energy than gas stoves and heat food two times faster than electric cooktops. The induction cooktop design also boasts a 90% efficiency rate, helping customers save on energy costs as well.

Managing the environmental footprint of our operations has always been a priority for Microchip. We have staff dedicated to ensuring that we are in compliance with environmental laws and regulations at each of our facilities, and use an audited ISO14001 environmental management system at our Thailand manufacturing facilities to ensure an effective process for continuous environmental improvement.

In addition, we are now calculating our carbon emissions on an annual basis. We are required to report direct, on-site carbon dioxide-equivalent emissions (Scope 1) from two of our silicon integrated circuit fabrication facilities, and Microchip voluntarily reports all Scope 1 and Scope 2 carbon emissions, and one Scope 3 carbon emission from manufacturing-related, product-design-related, and product logistic facilities worldwide in the publically-available Carbon Disclosure Project (CDP) format. This commitment to measuring and reporting our carbon footprint is helping us to be more consistent in identifying emissions-reductions opportunities and to be more transparent in communicating our environmental performance with stakeholders. Microchip's CDP climate change report may be found in the CDP's S&P 500 grouping at www.cdp.net.

Measurement of outcomes

Microchip's XLP technology offers the industry's lowest currents while the application is operating or sleeping, where extreme low power applications spend 90–99% of their time.

In 2013, we calculated our carbon footprint (302,326 metric tons of CO₂e) for 11 of our facilities, including our corporate headquarters, FABs, distribution facilities, and design centers. We also identified a new emissions reduction project: a groundwater extractive cooling system that will save roughly 220 metric tons of CO₂e and \$65,000 annually. This project is currently implemented at our Standard Microcontroller Systems Corporation subsidiary in Hauppauge, NY, and is expected to continue through 2020.

We are proud to have no substantiated complaints, lawsuits, violations, or fines related to environmental matters during the 2013-2014 reporting period.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

Microchip is committed to conducting business in an ethical manner. Our Code of Business Conduct and Ethics requires compliance with laws that prohibit bribery and similar acts to gain additional business or other favorable treatment for Microchip. These laws most notably include the U.S. Foreign Corrupt Practices Act (“FCPA”), the UK Bribery Act, and the People’s Republic of China’s Criminal Law. These 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 anti-bribery laws.

Implementation

As a global company, our operations are subject to numerous laws and regulations. In this regard, Microchip requires its employees, directors, and officers to comply with all mandatory laws applicable to its business operations. In order to make sure our employees comply with anti-corruption laws and our own policies, we require an FCPA training module for all employees in sales, purchasing, accounting, and other areas of buying and selling. We strive to offer the training at least once a year.

An important tool in our commitment to ethical business practices is our Open Door policy. This policy allows Microchip employees to raise any work related issues – such as job, wages, performance reviews, and more – at the level they think is the most appropriate for quick and fair resolution. We believe communication is vital, and we encourage open, honest, constructive, and ongoing communication to resolve issues.

Measurement of outcomes

Our commitment to conducting our business operations with integrity and in an ethical manner is an integral component of our Guiding Values, and we want to make sure that we have results to prove it. We are proud to report that there have been no allegations or substantiated findings of corruption or bribery for the 2013 -2014 reporting period.