

Company Name Microchip Technology
Industry ICT (Own operations and Supply Chain)
UNGP Core Score (*) 3.0 out of 26

Score Out of For indicators

Governance and Policy Commitments

1	2	A.1.1 Commitment to respect human rights
0.5	2	A.1.2 Commitment to respect the human rights of workers
0	2	A.1.4 Commitment to engage with stakeholders
0	2	A.1.5 Commitment to remedy

Embedding respect and Human Rights Due Diligence

Embedding respect

0	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
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Human Rights Due Diligence (HRDD)

0	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
0	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
0	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
0	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
0	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed

Remedies and Grievance Mechanisms

1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
0	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
0	2	C.7 Remedying adverse impacts and incorporating lessons learned

3.0 26

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: General HRs commitment: The Company states that 'Microchip Technology Incorporated is dedicated to protecting human rights. This is demonstrated in our continued involvement with the United Nations Global Compact (UNGC).' [Sustainability Report, 20/12/2019: ww1.microchip.com] • Met: UNGC principles 1 & 2: In its CSR, the Company states that 'Microchip Technology Incorporated is dedicated to protecting human rights. This is demonstrated in our continued involvement with the United Nations Global Compact (UNGC).' Moreover, there is a letter in which the Company commits to the 10 UNGC principles. [Sustainability Report, 20/12/2019: ww1.microchip.com & UNGC Letter of commitment, 2013: s3-us-west-2.amazonaws.com] • Not met: UDHR • Not met: International Bill of Rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: UNGPs • Not met: OECD
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: UNGC principles 3-6: The Company states that 'Microchip Technology Incorporated is a member of the UN Global Compact at the Participant Tier.' [Sustainability Report, 20/12/2019: ww1.microchip.com] • Not met: Explicitly list ALL four ILO for ICT suppliers <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Explicit commitment to All four ILO Core: The Company states that 'Microchip complies with all legal requirements related to labor, including prohibitions on forced or compulsory labor, child labor, and discrimination'. 'While none of Microchip's employees are unionized, we do acknowledge the right to collective bargaining where allowed by law'. However, although freedom of association is a principle of the UNGC, to which the Company is committed, there is no statement reinforcing the explicit commitment to freedom of association and collective bargaining, beyond those context 'where allowed by law'. [Sustainability Report, 20/12/2019: ww1.microchip.com] • Met: Respect H&S of workers: The Company states that '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'. [Sustainability Report, 20/12/2019: ww1.microchip.com] • Met: H&S applies to ICT suppliers: The Company states that '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. In 2016 we initiated a process by which we presented Microchip's policies on labor practices to our major suppliers and reinforced the requirement that these policies be adhered to across our supply chain'. [Sustainability Report, 2017: ww1.microchip.com] • Not met: working hours for workers • Not met: Working hours for ICT suppliers
A.1.4	Commitment to engage with stakeholders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to stakeholder engagement: The Company states that '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.' However, no clear commitment to affected stakeholder engagement was found. [Sustainability Report, 20/12/2019: ww1.microchip.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not met: Regular stakeholder engagement Score 2 <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design • Not met: Regular stakeholder design engagement
A.1.5	Commitment to remedy	0	<p>The individual elements of the assessment are met or not as follows:</p> Score 1 <ul style="list-style-type: none"> • Not met: Commits to remedy Score 2 <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives • Not met: Work with ICT suppliers to remedy impacts

Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	0	<p>The individual elements of the assessment are met or not as follows:</p> Score 1 <ul style="list-style-type: none"> • Met: Commits to ILO core conventions: See indicator A.1.2 [Sustainability Report, 20/12/2019: ww1.microchip.com] • Not met: Senior responsibility for HR Score 2 <ul style="list-style-type: none"> • Not met: Day-to-day responsibility • Not met: Day-to-day responsibility for ICT in supply chain
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> Score 1 <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: The Company states that '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: 1. Identify and evaluate internal and external risks [...]' However, no further details found including how it identifies human rights risks. [Sustainability Report, 20/12/2019: ww1.microchip.com] • Not met: Identifying risks in ICT suppliers: The Company indicates in its CSR Report that 'assessing vendors for environmental, social, and governance issues and taking appropriate steps to mitigate risk' is a topic that emerged as one of their most important sustainability issues, both to their stakeholders and for Microchip's business success. However, the process to identify the human rights risk is not described. No additional evidence was found in more recent documents. [Sustainability Report, 2017: ww1.microchip.com] Score 2 <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	<p>The individual elements of the assessment are met or not as follows:</p> Score 1 <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): The Company presents a materiality assessment. However, no evidence found regarding description of system to determine salient human rights risks. [Sustainability Report, 20/12/2019: ww1.microchip.com] • Not met: Public disclosure of salient risks Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> Score 1 <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks • Not met: Including in ICT supply chain: The Company states that 'assessing vendors for environmental, social, and governance issues and taking appropriate steps to mitigate risk' is one of the findings of the materiality assessment. However, no evidence regarding a system to take action to prevent, mitigate or remediate the Company's salient human rights issues was found. [Sustainability Report, 20/12/2019: ww1.microchip.com] • Not met: Example of Actions decided Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: System to check if Actions are effective Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Comms plan re identifying risks Not met: Comms plan re assessing risks Not met: Comms plan re action plans for risks Not met: Comms plan re reviewing action plans Not met: Including ICT suppliers Score 2 <ul style="list-style-type: none"> Not met: Responding to affected stakeholders concerns Not met: Ensuring affected stakeholders can access communications

Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Channel accessible to all workers: According to its policy, the Company states that 'Microchip has grievance mechanisms whereby employees, suppliers, and others can report suspected non-compliance with legal requirements and suspected non-compliance with Microchip's Code of Business Conduct & Ethics.' [Form SD, 2019: www1.microchip.com] Score 2 <ul style="list-style-type: none"> Not met: Number grievances filed, addressed or resolved Not met: Channel is available in all appropriate languages Met: Opens own system to ICT supplier workers: See above, suppliers can file complaints through Company's own channels.
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Grievance mechanism for community Score 2 <ul style="list-style-type: none"> Not met: Describes accessibility and local languages Not met: Expects ICT supplier to have community grievance systems Not met: ICT supplier communities use global system
C.7	Remedying adverse impacts and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Describes how remedy has been provided Not met: Says how it would remedy key sector risks Score 2 <ul style="list-style-type: none"> Not met: Changes introduced to stop repetition Not met: Approach to learning from incident to prevent future impacts Not met: Evaluation of the channel/mechanism

Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		No allegations meeting the CHRB severity threshold were found.

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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