

Microchip Technology Inc.

TICKER
NAS:MCHP

MARKET CAPITALIZATION
US\$22 billion

HEADQUARTERS
United States

DISCLOSURES
UK Modern Slavery Act: Yes

TARGETS
None

California Transparency in Supply Chains Act: Yes

OVERALL RANKING

42 out of 49

([2018 Rank](#): 35 out of 40)

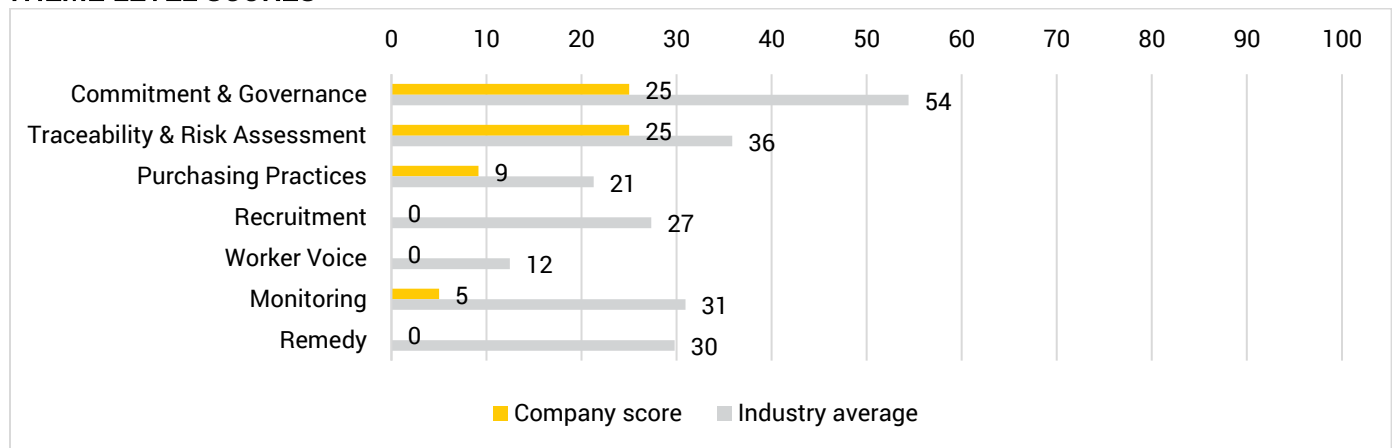
OVERALL SCORE

9 out of 100

SUMMARY

Microchip Technology Inc. (Microchip), a semiconductor manufacturer that supplies to companies such as Apple, ranks 42nd out of 49 companies and discloses significantly less information on its forced labor policies and practices than its peers. Compared to 2018, the company improved its score from seven to nine points by disclosing that it has become a member of the Responsible Business Alliance, a multi-stakeholder initiative that includes a focus on eradicating forced labor. The company's score is based on its disclosure of a commitment to address forced labor, traceability information related to smelters and refiners in its supply chains, and limited disclosure on the theme of Purchasing Practices. The company is encouraged to improve its performance and disclosure on the themes of Commitment and Governance, Recruitment, and Worker Voice.

THEME-LEVEL SCORES



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS**SUPPLIER LIST**

No

NO-FEE POLICY

No

AVERAGE SUPPLIER SCORE

N/A

REMEDY FOR SUPPLY CHAINS WORKERS

No

HIGH-RISK SOURCING COUNTRIESLikely from Malaysia and/or China¹

LEADING PRACTICES

None.

NOTABLE FINDINGS

Stakeholder Engagement: As of January 2020, Microchip discloses that it has joined the Responsible Business Alliance, a multi-stakeholder initiative that includes a focus on eradicating forced labor in the industry.

Traceability and Supply Chain Transparency: Microchip discloses a list of smelters and refiners in its supply chains, including their names and locations. It also discloses a list of countries from which it sources raw materials.

Supplier Contracts: The company reports that its supplier agreements and purchase order terms and conditions prohibit the use of forced labor.

OPPORTUNITIES FOR IMPROVEMENT

Commitment & Governance: The company is encouraged to develop and disclose a supplier code of conduct that includes the [ILO core labor standards](#), which include the elimination of forced labor. The company may further consider making such a standard easily accessible from the company's website and communicating the standard to its suppliers. Further, the company is encouraged to establish and disclose a managerial structure with clear responsibilities and accountability for the implementation of its supply chain policies that address forced labor and human trafficking, and provide oversight of such policies at the board level.

Recruitment: To address the risk of exploitation of migrant workers through recruitment agencies in its supply chains, the company is encouraged to take steps to ensure that workers in its supply chains are not charged fees during any recruitment-related process. The company may further consider taking steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains. The company is also encouraged to take steps to ensure that the rights of workers in vulnerable conditions, such as migrant workers, are respected (e.g., to verify workers' passports and other personal documents are not retained).

Worker Voice: To prevent and address forced labor and human trafficking risks in its supply chains, the company may consider ensuring that a formal and effective mechanism to report grievances regarding labor conditions is available and communicated to its suppliers' workers and relevant stakeholders, such as worker organizations or labor NGOs. Further, the company is encouraged to take steps to ensure that workers in its supply chains are educated on their rights and are able to exercise their right to freedom of association and collective bargaining.

ENGAGED WITH KNOWTHECHAIN

Yes ([Sent Links](#)).

¹ Most electronic devices are produced at least in part in China and/or Malaysia, two countries where electronics may be produced using forced labor. KnowTheChain (June 2020), "[2020 KTC ICT Benchmark Report](#)."