

Microchip Technology Inc. (Microchip)

TICKER
MCHP

MARKET CAPITALIZATION
US\$46.3 billion

HEADQUARTERS
United States

DISCLOSURES

[UK Modern Slavery Act](#): Yes

[California Transparency in Supply Chains Act](#): Yes

[Australia Modern Slavery Act](#): No applicable

OVERALL RANKING

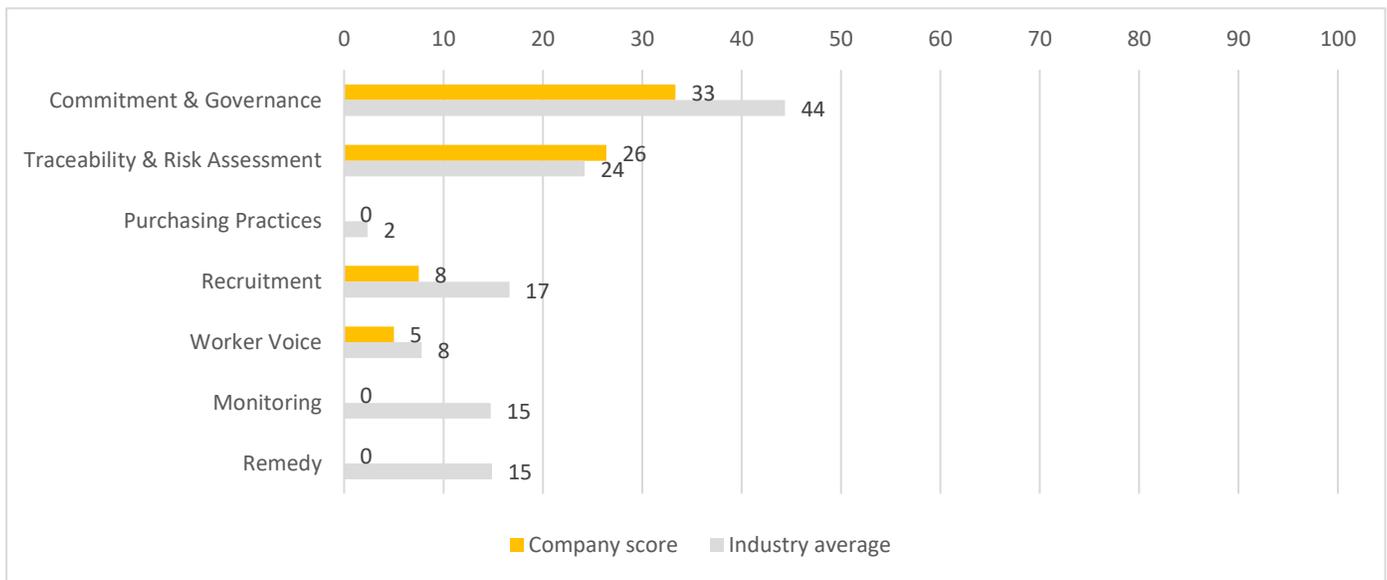
28 out of 60

([2020 Rank](#): 42 out of 49)

OVERALL SCORE

14 out of 100

THEME-LEVEL SCORES



KEY DATA POINTS

SUPPLIER LIST

No

RISK ASSESSMENT

Yes

ENGAGED WITH KNOWTHECHAIN¹

Yes

NO-FEE POLICY

Yes (Employer Pays Principle)

REMEDY FOR SUPPLY CHAIN WORKERS

No

HIGH-RISK SOURCING COUNTRIES

Likely China and/or Malaysia²

SUMMARY

Microchip Technology Inc. (Microchip), a semiconductor company that supplies to companies including Cisco and Nokia, ranks joint 28th out of 60 companies. Compared to 2020, the company improved its rank from 42nd to 28th. This is because the company began disclosing a supplier code of conduct that prohibits forced labour and the charging of worker-paid recruitment fees to suppliers' workers, information on internal responsibility for implementation of the supplier code, and a risk assessment of labour conditions at its suppliers through surveys and questionnaires. It scores higher than average on the theme of Traceability & Risk Assessment, but lower than average on all other themes. The company is encouraged to improve its performance and disclosure on all themes, in particular on Traceability & Risk Assessment, Monitoring, and Remedy.

LEADING PRACTICES

None.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: While the company discloses the use of surveys and self-assessment questionnaires to assess risks at suppliers, the company is encouraged to provide further detail on the sources used in its risk assessment. The company is further encouraged to disclose forced labour risks across different tiers of its supply chains and disclose how it engages with relevant stakeholders to address forced labour risks identified.

Monitoring: The company is encouraged to adopt and disclose a supplier monitoring process to verify that its suppliers are compliant with its supply chain policies. Implementing specific practices, such as interviewing workers and, in particular, using worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities), may help the company detect forced labour risks in its supply chains. Disclosing information on the results of its monitoring efforts, such as a breakdown of findings, assures stakeholders that the company has strong monitoring processes in place.

Remedy: The company may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labour and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers.

¹ For further details on high-risk raw materials and sourcing countries, see KnowTheChain's [2022 ICT benchmark findings report](#). Research conducted through June 2022 or through September 2022, 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](#).

² Most electronic devices are produced at least in part in China and/or Malaysia, two countries where electronics may be produced using forced labour. KnowTheChain (June 2020), "[2020 KTC ICT Benchmark Report](#)."