

Welcome to your CDP Water Security Questionnaire 2022

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Microchip Technology Incorporated is a leading provider of smart, connected and secure embedded control solutions. Its easy-to-use development tools and comprehensive product portfolio enable customers to create optimal designs which reduce risk while lowering total system cost and time to market. The company's solutions serve more than 120,000 customers across the industrial, automotive, consumer, communications and computing markets. Our product portfolio is comprised of general-purpose and specialized 8-bit, 16-bit, and 32-bit microcontrollers, 32-bit microprocessors and Field-Programmable Gate Array (FPGA) products. We also offer a broad spectrum of high-performance linear, mixed-signal, power management, thermal management, discrete diodes and Metal-Oxide Semiconductor Field Effect Transistors (MOSFETS), Radio Frequency (RF), timing, timing systems, safety, security, wired connectivity and wireless connectivity devices. Our portfolio also includes serial Electrically Erasable Programmable Read Only Memory (EEPROM), serial Flash memories, parallel Flash memories, serial Electrically Erasable Random Access Memory (EERAM) and serial Static Random Access Memory (SRAM). We also license Flash-IP solutions that are incorporated into a broad range of products. Our synergistic product portfolio targets thousands of applications worldwide and a growing demand for high-performance designs in the automotive, space, communications, computing, medical, consumer and industrial control markets.

Our manufacturing operations include wafer fabrication, wafer probe, assembly and test. The ownership of a substantial portion of our manufacturing resources is an important component of our business strategy, enabling us to maintain a high level of manufacturing control, resulting in us being one of the lowest cost producers in the embedded control industry. By owning wafer fabrication facilities and our assembly and test operations, and by employing statistical techniques (statistical process control, designed experiments and wafer level monitoring), we have been able to achieve and maintain high production yields. Direct control over manufacturing resources allows us to shorten our design and production cycles. This control also allows us to capture a portion of the wafer manufacturing and assembly and testing profit margin. We do outsource a significant portion of our manufacturing requirements to third parties and the amount of our outsourced

manufacturing has increased in recent years due to our acquisitions of Microsemi and other companies that outsource all or substantial portions of their manufacturing. We comply with several quality systems, including: ISO9001 (2015 version), IATF16949 (2016 version), AS9100 (2016 version), and TL9000.

Microchip Technology Incorporated was incorporated in Delaware in 1989. Our executive offices are located at 2355 West Chandler Boulevard, Chandler, Arizona 85224-6199 and our telephone number is (480) 792-7200.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

- Australia
- Canada
- China
- France
- Germany
- Hong Kong SAR, China
- India
- Ireland
- Israel
- Italy
- Malaysia
- Norway
- Philippines
- Romania
- Thailand
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Viet Nam

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

- USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Microchip sites that are purely sales offices without any design capabilities and employ less than 10 full-time employees	<p>The sites are excluded due to the following reasons:</p> <ul style="list-style-type: none"> - The total contribution from these low-volume sites is less than 1% of our total global water use - The utility bills are tied into the overall landlord bill which can't be broken down per leased space

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	MCHP

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain

<p>Sufficient amounts of good quality freshwater available for use</p>	<p>Vital</p>	<p>Important</p>	<p>Our worldwide locations use water in both manufacturing and non-manufacturing operations, which all contribute to our total annual consumption and discharge. The front-end manufacturing locations use water to clean wafers during many of the processing steps necessary in building a semiconductor “chip”. We also continuously use water in our facility support and building systems such as cooling towers, boiler blowdowns, irrigation, restrooms and our on-site café services. Water is critical to the semiconductor manufacturing process, hence the vital importance rating.</p> <p>Access to good quality water is important for our indirect operations as well. This includes our suppliers who provide gases, chemicals, and tools essential to our manufacturing process. Our customers require reliable water access to use our products in their applications.</p>
<p>Sufficient amounts of recycled, brackish and/or produced water available for use</p>	<p>Vital</p>	<p>Important</p>	<p>Microchip has invested in substantial improvements to conserve, recycle and reclaim water in our facilities. Major Microchip manufacturing and testing facilities contributed towards reducing water use by approximately 95 million gallons of water during 2021 through projects such as installation of flow restrictors, upgrades and reconfigurations to our RO/DI reclaim systems, reduced DI dump cycles associated with wafer manufacturing processes, and HVAC cooling tower blow down reductions.</p> <p>An importance rating of vital was assigned for our direct operations as water reuse projects reduce our dependency on freshwater which is good for the environment and reduces our water risk at major production facilities.</p> <p>We also expect our suppliers to adhere to local regulatory standards similar to how we operate our facilities to ensure the production of safe and sustainable products, hence the important rating.</p>

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Total water withdrawals are captured on a monthly basis in the utility bills and flowmeters at all major production facilities.
Water withdrawals – volumes by source	100%	Major sources of our water are surface water from local municipal supplies.
Water withdrawals quality	100%	The water withdrawal quality is monitored at all production facilities so that it can be treated to the appropriate quality (eg. ultrapure water) suitable for the semiconductor manufacturing process.
Water discharges – total volumes	100%	Total water discharges are captured on a monthly basis in the utility bills and flowmeters at all major production facilities as per our regulatory permits.
Water discharges – volumes by destination	100%	All our major production facilities discharge to municipal/community wastewater treatment plants.
Water discharges – volumes by treatment method	100%	All our major production facilities track volume of water treated per treatment method.
Water discharge quality – by standard effluent parameters	100%	All our major production facilities measure standard effluent parameters in the wastewater before discharge.
Water discharge quality – temperature	100%	All our major production facilities measure temperature in the wastewater before discharge.
Water consumption – total volume	100%	Water consumption is tracked through our utility bills and validated by subtracting the water discharge from the withdrawal. Any on-site recycled water is adjusted accordingly to come up with total consumption.
Water recycled/reused	100%	This data is tracked at all our major production facilities and the total volume recycled/reused is reported in our sustainability report.

The provision of fully-functioning, safely managed WASH services to all workers	100%	WASH services are provided to all employees at our worldwide facilities to ensure easy access to sanitation and drinking water.
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W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	5,482	Higher	Although absolute water use was higher due to increased manufacturing caused by an uptrend in semiconductor demand and complexity of the products manufactured, our normalized water use intensity went down compared to the previous reporting year due to innovative water conservation projects.
Total discharges	3,394	About the same	Despite our total water use going up as compared to last calendar year, our effluent discharge remained about the same (2% increase) due to on-site water reclamation and reuse projects.
Total consumption	2,088	Higher	Our consumption went up compared to last calendar year due to the increase in total water withdrawal for the year to keep up with production of more semiconductor chips but as stated earlier, the water use intensity went down.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain

Row 1	Yes	26-50	This is our first year of measurement	WRI Aqueduct	The WRI Aqueduct Water Risk Atlas tool was used to analyze our sites globally to identify areas with high and extremely high water stress risk. Their cumulative water consumption was divided by Microchip's total water consumption to calculate our % withdrawal from areas with water stress.
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W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	569	Higher	One of our back-end operations site sources water from a canal.
Brackish surface water/Seawater	Not relevant			Not a water source for our major production facilities.
Groundwater – renewable	Not relevant			Not a water source for our major production facilities.
Groundwater – non-renewable	Not relevant			Not a water source for our major production facilities.
Produced/Entrained water	Not relevant			Not a water source for our major production facilities.
Third party sources	Relevant	4,913	Higher	Our major production facilities purchase water from local utilities.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Our facilities don't discharge directly into fresh surface water.
Brackish surface water/seawater	Not relevant			Our facilities don't discharge directly into brackish surface water/seawater.
Groundwater	Not relevant			Our facilities don't discharge directly into groundwater.
Third-party destinations	Relevant	3,394	About the same	Our major production facilities discharge into municipal/community wastewater treatment systems as per our regulatory permits.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Please explain
Tertiary treatment	Relevant but volume unknown	Currently not tracked on a per facility basis.
Secondary treatment	Relevant but volume unknown	Currently not tracked on a per facility basis.
Primary treatment only	Relevant but volume unknown	Currently not tracked on a per facility basis.
Discharge to the natural environment without treatment	Not relevant	Microchip facilities don't discharge any effluent directly into the natural environment.
Discharge to a third party without treatment	Relevant but volume unknown	Currently not tracked on a per facility basis.
Other	Not relevant	All treatment methods have been captured in the data provided above.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1				Revenue is reported on a fiscal year basis can be found in our financial filings. The total water use is reported on a calendar year basis and is provided within this CDP response. As we continue to invest in water conservation and reclamation projects coupled with process efficiency improvements, we anticipate our water use intensity to trend downwards.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

No, we do not engage on water with our value chain

W1.4d

(W1.4d) Why do you not engage with any stages of your value chain on water-related issues and what are your plans?

	Primary reason	Please explain
Row 1	Important but not an immediate business priority	Due to the recent supply chain constraints and volatile market conditions, our prime focus has been to prioritize our customers' needs while balancing substantial progress against our climate goals by making internal improvements. Our long-term goal is to support similar improvements throughout our value chain.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

No, water risks-related are not assessed

W3.3c

(W3.3c) Why does your organization not undertake a water-related risk assessment?

	Primary reason	Please explain
Row 1	We are planning to introduce a risk assessment process within the next two years	Microchip is in the process of performing a water risk scenario analysis aligned with TCFD recommended scenarios spanning regulatory, physical, and reputational risks. The results will be shared in our 2023 reporting.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Climate change regulations and sustained adverse climate change pose risks that could harm our results of operations.

Climate change regulations or voluntary actions we may have taken as part of our Environmental, Social, and Governance initiatives could require us to limit emissions, change manufacturing processes, substitute materials which may cost more or be less available, fund offset projects, obtain new permits or undertake other costly activities. Failure to obtain required permits could result in fines, suspension, or cessation of production. Restrictions on emissions could result in significant costs such as higher energy costs, carbon taxes, and emission cap and trade programs. The cost of compliance with such regulations could restrict our manufacturing operations, increase our costs, and have an adverse effect on our operating results.

The SEC has recently proposed a rule titled Enhancement and Standardization of Climate-Related Disclosures for Investors. While the proposed rule is not yet in effect and is subject to change as a result of the SEC comment process, if it were to go in effect in its current form, we

would incur significant additional costs of compliance due to the need for expanded data collection, analysis, and certification. Further, certain elements of the proposed rule, such as mandatory third-party verification of emissions, may be difficult to comply with in the proposed required timeframe as there may be an insufficient number of qualified third-party verification entities to meet demand.

Sustained adverse change in climate could have a direct adverse economic impact on us, such as utility shortages, and higher costs of utilities. Certain of our operations are located in arid or tropical regions, which some experts believe may become vulnerable to fires, storms, severe floods and droughts. While our business recovery plans are intended to allow us to recover from natural disasters or other disruptive events, our plans may not protect us from all events.

We are subject to stringent environmental and other regulations, which may force us to incur significant expenses.

We must comply with federal, state, local and foreign governmental regulations related to the use, storage, discharge and disposal of hazardous substances used in our products and manufacturing processes. Our failure to comply, or the failure of entities that we have acquired over time to have complied, with regulations could result in significant fines, liability for clean up, suspension of production, cessation of operations or future liabilities. Such regulations have required us in the past, and could require us in the future, to incur significant expenses to comply with such regulations. Our failure to control the use of, or adequately restrict the discharge of, hazardous substances could impact the health of our employees and others and could impact our ability to operate. Such failure could also restrict our ability to ship certain products to certain countries, require us to modify our logistics, or require us to incur other significant costs and expenses. Environmental laws continue to expand with a focus on reducing or eliminating hazardous substances in electronic products and shipping materials. Future environmental regulations could require us to reengineer certain of our existing products and may make it more expensive for us to manufacture, sell and ship our products. In addition, the number and complexity of laws focused on the energy efficiency of electronic products, the recycling of electronic products, and the reduction in the amount and the recycling of packing materials have expanded significantly. It may be difficult for us to timely comply with these laws and we may have insufficient quantities of compliant products to meet customers' needs, thereby adversely impacting our sales and profitability. We may have to write off inventory if we hold unsaleable inventory as a result of changes to regulations. We expect these risks to continue. These requirements may increase our own costs, as well as those passed on to us by our supply chain.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Evaluation in progress	<p>Any sustained adverse change in climate could have a direct adverse economic impact on us, such as water shortages, and higher costs . Some of our operations are located in arid or tropical regions, such as Arizona, Thailand, and the Philippines. Some environmental experts predict that these regions may become vulnerable to storms, severe floods and droughts due to climate change. While we maintain business recovery plans that are intended to allow us to mitigate the impact of and recover from natural disasters or other events that can interrupt our business, we cannot be certain that our plans will protect us from all such disasters or events.</p> <p>Microchip is in the process of enhancing its water risk scenario analysis aligned with TCFD recommended scenarios spanning regulatory, physical, and reputational risks.</p>

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Not yet evaluated	We understand assessing water risk in our value chain is important and plan to engage our suppliers in the future. Our current engagement within our value chain is focused on forced labor.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Our worldwide locations use water in both manufacturing and non-manufacturing operations, which all contribute to our total annual consumption and discharge. The front-end manufacturing locations use water to clean wafers during many of the processing steps necessary in building a semiconductor “chip”. We also continuously use water in our facility support and building systems such as cooling towers, boiler blowdowns, irrigation, restrooms, and our on-site café services. Our facilities and environmental teams are fully engaged in identifying and implementing new projects to reduce our water consumption and improve our water reclamation. We have invested in substantial improvements to conserve, recycle and reclaim water in our facilities. Major Microchip manufacturing and testing facilities contributed towards reducing our water consumption by approximately 95 million gallons of water during 2021. A few examples of the water conservation projects include:

- Installation of flow restrictors
- Upgrades and reconfigurations to our RO/DI reclaim systems
- Reduced DI dump cycles associated with wafer manufacturing processes
- HVAC cooling tower blow down reductions

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The financial benefit is the cost savings realized from reduction in water consumption and wastewater discharge.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	<p>Our Nominating, Governance, and Sustainability Committee (NGSC) oversees our policies and practices relating to significant environmental, social, governance and other public policy matters relevant to Microchip. In this regard, the committee reviews and reports to the Board, and discusses with management, on a periodic basis, matters of corporate responsibility and sustainability performance, including potential long and short-term trends and impacts to our business of environmental, social, human capital, diversity and inclusion, and governance issues, including our public reporting on these topics.</p> <p>The Nominating, Governance and Sustainability Committee's charter further identifies the committee's responsibilities related to environmental matters and may be found at: https://www.microchip.com/content/dam/mchp/documents/financial/investordocuments/corporate-governance/Charter%20for%20Nominating,%20Governance,%20and%20Sustainability%20Committee,%20amended%20and%20restated%20as%20of%20May%2025,%202021.pdf</p>

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Overseeing acquisitions and divestiture Overseeing major capital expenditures	The Board's Nominating, Governance, and Sustainability Committee (NGSC) oversees all significant corporate responsibility matters. Management provides updates on such matters to the NGSC on a periodic basis which then reports to the Board, or directly to the Board. Further information on the board's oversight can be found in

	Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	our 2021 Sustainability Report , 2022 Form 10-K, and 2022 Proxy Statement.
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W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future
Row 1	No, and we do not plan to address this within the next two years	Important but not an immediate priority	The Board's Nominating, Governance, and Sustainability Committee (NGSC) oversees all significant corporate responsibility matters. Management provides updates on such matters to the NGSC on a periodic basis which then reports to the Board, or directly to the Board. Further information on the board's oversight can be found in our 2021 Sustainability Report , 2022 Form 10-K, and 2022 Proxy Statement.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Sustainability committee

Responsibility

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The ESG Steering Committee is composed of Senior Executives including the CFO, Sr VP Fab Ops, Sr VP Backend Ops, Sr VP APID, Sr VP Global HR, Vice President and Assistant General Counsel, Director Marketing, Director Strategic Global Accounts, Asso. Director Risk Loss and EHS in addition to members from the ESG Assurance team. This committee is responsible for direction of climate related activities for Microchip. It receives input from stakeholders including our investors and makes recommendations to our CEO and Executive Staff who are the decision-making body for how to proceed with our climate-related activities including water risk management.

Name of the position(s) and/or committee(s)

Facilities manager

Responsibility

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Facilities Manager at each of our locations is responsible for identifying, assessing, and executing water related opportunities.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	C- suite employees' annual assessments and corresponding merit raises are partially dependent upon their performance and Microchip's compliance with environmental reporting and legal requirements, including water.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Microchip's EHS and ESG teams regularly engage with policy makers in local utilities regulating our facilities by participating in meetings and workshops to provide feedback on prospective water legislation. We are also a member of trade associations like Fab Owners Alliance that serve to advance technologies and policies in the semiconductor industry that drive efficiency and sustainability .

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Microchip has integrated water-related issues into our long-term business objectives as described in section 6, and as published in our yearly sustainability and 10-K reports since water is a critical component of semiconductor manufacturing. We continue to proactively identify risks, explore opportunities, and make substantial investments into improvement projects. Water quality, consumption and efficiency are some of the parameters that influence purchasing decisions for new equipment in

			our production facilities and corporate offices. The ultimate objective of these efforts is to reduce our water consumption/effluent discharge and thereby reduce water stress on the environment and locations in which we operate.
Strategy for achieving long-term objectives	No, water-related issues not yet reviewed, but there are plans to do so in the next two years		Microchip is currently working on a corporate water policy which will provide an outline for formulating short- and long-term strategies to manage water-related risks and opportunities.
Financial planning	Yes, water-related issues are integrated	5-10	Our Site Services, EHS and ESG teams assess potential water improvement projects to reduce water consumption/effluent discharge and increase on-site water recycling on an annual basis. Projects are prioritized based on cost, schedule, equipment availability, utility costs etc. and recommendations are included in the capital planning for the respective facility.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	Microchip is working on performing a scenario analysis using WWF Water Risk Filter 6.0. A tabletop exercise is planned for 2022 to assess and address water related risk and opportunities. The analysis will aim to augment our business continuity plan and overall business strategy.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

We currently don't use an internal price on water as there are other internal KPIs like climate targets and process parameters that drive water improvement projects.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, and we do not plan to address this within the next two years	Important but not an immediate business priority	As stated in the section guidance by CDP, currently there are no global standards/taxonomies that classify products as low water impact.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals
Row 1	Our company sets no targets or goals

W8.1c

(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	We are planning to introduce a target or goal within the next two years	<p>As part of Microchip's commitment to sustainability, water security continues to be a critical consideration for the ESG Steering Committee. We recognize that water conservation efforts align with our guiding value of being good stewards in the communities that we live and work in.</p> <p>Our ESG, EHS, and Site Services teams are constantly engaged in identifying innovative water conservation projects and setting internal targets to improve process efficiency. These environmental commitments take time and staffing in order to create true change while also dedicating sufficient resources to keeping up with the uptrend in semiconductor demand.</p> <p>We have invested in substantial improvements to our RO/DI systems but need to be cognizant of the concentrated effluent streams from reclaim systems. All our facilities operate as per the regulatory permits issued by the utility, and we need to be careful not to exceed the threshold limits of these pollutants in the concentrated effluent stream. which makes target setting challenging.</p> <p>Water improvement projects also require extensive capital investment and significant downtime of the affected systems that need to be carefully balanced as these are critical to our business operations.</p> <p>As we make improvements to these commitments, we are always looking for opportunities to provide for a better environment and report this progress in our sustainability report: https://www.microchip.com/en-us/about/corporate-responsibility/sustainability.</p>

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, but we are actively considering verifying within the next two years

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Senior Vice President, Back-end Operations	Other C-Suite Officer

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment

Row 1	No, not currently but we intend to provide it within the next two years	
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SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms