



SUBSTANCE ABUSE POLICY

INTENT

We desire to maintain a strong reputation in the community and industry and to provide a safe and healthy working environment for all our employees where there are few accidental injuries and a low level of absenteeism and tardiness. To uphold these values, we adhere to specific procedures designed to eliminate substance abuse in our workplace.

It is Microchip's policy to serve the stated purposes while preserving the privacy and dignity of its employees. This policy prohibits bringing any illegal drugs onto company property and reporting to work under the influence of any illegal drugs or legal drugs which impair the employee's judgement and ability to work in a safe and appropriate manner.

DEFINITIONS

Illegal drugs are defined as: Any controlled substance considered unlawful under the federal Controlled Substances Act (21 U.S.C. § 812), applicable state law, or the metabolite of the substance. "Illegal drugs" also includes medication, or other chemical substance that (1) is not legally obtainable; or (2) is legally obtainable, but is not legally obtained, is not being used legally, or is not being used for the purpose(s) for which it was prescribed or, in the case of an over-the-counter medication, intended by the manufacturer. Thus, "illegal drugs" may include prescription drugs that are obtained illegally, or which are obtained legally but are being used in a manner not prescribed by the employee's healthcare provider. They also include over-the-counter medications that are being abused or not being used for the purpose(s) for which they were intended by the manufacturer.

Legal drugs are defined as: Prescribed or over-the-counter drugs that are legally obtained by the employee and used for the purpose(s) for which they were prescribed, or in the case of over-the-counter medications, intended by the manufacturer.

Substance abuse is defined as:

- The use, possession, manufacture, distribution, or dispensation of illegal drugs and/or being under the influence of or impaired by alcohol or drugs during working hours.
- The use of alcohol or drugs during non-working hours which may affect your ability to operate machinery, equipment, or vehicles, or otherwise perform your job or jeopardize the safety of other employees or the company's relations with the public.
- The use, sale, transfer, purchase or unauthorized personal possession of alcohol or illegal drugs on company property or while performing company business.

Microchip may elect to handle individual circumstances on a case-by-case basis at the sole discretion of the company.



Under the Influence is defined as having alcohol, illegal drugs or controlled substances in one's body in sufficient quantities to be detected by laboratory tests.

Impaired or **impairment** is defined as: symptoms that a prospective applicant or employee may be under the influence of drugs or alcohol that may decrease or lessen the employee's performance of the duties or tasks of the employee's job position, including, but not limited to, symptoms of the employee's speech, walking, standing, physical dexterity, agility, coordination, actions, movement, demeanor, appearance, clothing, odor, irrational, or unusual behavior, negligence or carelessness in operating equipment, machinery or production or manufacturing processes, disregard for the safety of the employee or others, involvement in an accident that results in serious damage to equipment, machinery or property, disruption of a production or manufacturing process, any injury to the employee or others or other symptoms causing a reasonable suspicion of the use of drugs or alcohol.

Drug and alcohol testing may include written tests, hand-eye coordination tests, and medical specimens (blood, breath, urine, saliva, or hair unless otherwise prohibited by applicable federal, state or local law). Alternatively, inspections, undercover investigations, etc. may also be used. Testing may be conducted for alcohol impairment or the presence of illegal drugs, including but not limited to, Marijuana, Cocaine, Opiates, PCP, Amphetamines and the metabolites of such substances. The company reserves the right to expand the list of drugs included in the screening process.

Reasonable suspicion is based on specific personal observations and other information reasonably believed to be reliable or accurate that results in the company having a good faith belief that the employee is or has engaged in (i) substance abuse, including but not limited to observations of symptoms of impairment, or (ii) other violations of this policy, including but not limited to a good faith belief that an employee has consumed, used, possessed, sold, manufactured and/or transported illegal drugs.

Random Testing is the process of utilizing an accredited vendor to conduct drug testing of employees, randomly selected through a computerized randomization process, who work in safety-sensitive positions.

Safety sensitive means any job designated in good faith by the company as a safety-sensitive position, or any job that includes tasks or duties that the company in good faith believes could affect the safety or health of the employee performing the task or others.

Medical Review Officer ("MRO") is a person who is a licensed independent physician retained by the company/Lab, and who is responsible for receiving and reviewing laboratory results generated by the company's drug testing program and evaluating medical explanations for certain drug test results.

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PROHIBITED CONDUCT

Alcohol

Consumption or being under the influence of alcohol while at work, on company property, or at any time that causes impairment while engaged in company business, or that otherwise adversely affects an employee from safely and satisfactorily performing job duties, is prohibited. Employees also may not possess, sell, purchase, manufacture or distribute alcohol while on company property or engaged in company business.

Illegal Drugs

The use, consumption, sale, purchase, possession, manufacture or distribution of illegal drugs and/or drug paraphernalia while at work, while on company property or while engaged in company business is prohibited. Employees also may not work or report to work while under the influence or impaired by the use of illegal drugs. Violations may be reported to the appropriate law enforcement authorities.

Legal Drugs/Prescription Medication

The use of prescription drugs, in their original container or packaging, as prescribed by a licensed physician as medication for use by the person possessing the medication (excluding medical marijuana) and over-the-counter drugs is allowed on company property and during the hours of employment. However, working while impaired by the use of legal drugs is prohibited and may result in disciplinary action up to and including termination. Moreover, the use, consumption, or possession of medical marijuana while on company property or while engaged in company business is prohibited. Employees are also prohibited from being impaired by the use of medical marijuana while on company property or while engaged in company business.

In order to ensure the safety of the employee and others, any employee who has reason to believe that the use of legal drugs, such as prescription medication, may pose a safety risk to any person or interfere with the employee’s performance of his or her job is required to report such legal drug use to his or her Supervisor. When making such a notification, the employee should not disclose any underlying medical condition. Microchip shall then determine whether any work restriction or limitation is indicated as authorized and/or required by law. Failure to report the use of a legal drug that may pose a safety risk to the employee or to others may result in disciplinary action.

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Microchip may exclude an employee from performing a safety sensitive position, if the use of a legal drug could cause an impairment or otherwise decrease or lessen the employee’s job performance or ability to perform the employee’s job duties.

PROCEDURES

1. If you have a substance abuse problem, we encourage you to contact the Human Resources Department. Your disclosure will be kept as confidential as possible and the company will provide you with information regarding Microchip’s Employee Assistance Program. However, if you come to us after a performance problem has already been noted, or to avoid taking a drug and alcohol impairment test, or to circumvent a current violation of this policy, appropriate action will be taken. If a positive drug test is discovered (and you have not already come forward), you may be discharged from Microchip for violating this policy. Your violation may also be reported to appropriate law enforcement officials.
2. To detect substance abuse, drug and alcohol impairment testing will be performed in conformance with all applicable federal, state, and local laws. To the extent not inconsistent with such federal, state, and local laws, the following will apply:
 - Pre-employment drug tests of all job applicants are routinely conducted. The test will occur after an offer is made, but employment is contingent upon the test results. You will not be employed if the presence of illegal drugs is detected. However, an independent evaluation of the original sample will be conducted if you make a timely request in writing and pay for the procedure. If you refuse to test or to provide a specimen, you will not be considered further for any position.
 - In the event an applicant submits to a pre-employment drug test and the results are positive, the offer will be rescinded, and the applicant will be allowed to apply after one (1) year and will be required to submit to another pre-employment drug test. Should the applicant be hired, he or she may be tested randomly as a condition of employment unless otherwise prohibited by applicable state or local law.
 - You may be tested if you have a work-related injury or accident. All injuries or accidents must be reported as soon as is practicable after they occur. Employees who have been required to submit to a drug and/or alcohol impairment test as a result of an accident will not be allowed to return to work until the results of the drug and/or alcohol test become available to the company. If any test results are positive for the presence of alcohol or drugs, you may be terminated. However, an independent evaluation of the original sample will be conducted if you make a timely request in writing and pay for the procedure.

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If the company has reasonable suspicion that you are engaged in drug or alcohol use in violation of this policy or actions or information lead to the reasonable suspicion that you are involved in drug abuse or trafficking, testing or alternative methods for investigation may be implemented. If a request is made (and witnessed by a company representative, if possible) to take a drug test, you will go directly to the designated lab or clinic to take the test. If you refuse to test or to provide a specimen, you will be subject to dismissal.

- You may be tested as part of a routine testing program instituted as a result of prior disciplinary proceedings related to the use of drugs and alcohol.
 - Whenever there is reasonable suspicion the company reserves the right to inspect your personal belongings including but not limited to purses, lunch boxes, briefcases, toolboxes, desks, file cabinets, lockers or other containers for the purpose of determining whether you are in possession of any substance in a manner that is prohibited by this policy. If you refuse to permit an inspection, you may be subject to discipline and possible termination. All inspections will be conducted by at least two (2) management employees when possible.
 - You may be tested as part of a Random Testing program initiated in areas of the company that are considered safety-sensitive by the company. Areas selected for testing are solely at the discretion of Microchip management and may be altered at any time and for any reason.
3. If you are terminated for a positive alcohol/drug test report, you may submit a confidential explanation to the Human Resources Manager within three (3) working days. If the explanation is accepted, the test will be treated as if it had been negative. However, either the company or the employee may request a retest of the original sample.
 4. If you refuse to cooperate with these drug and alcohol impairment testing procedures, refuse to provide a specimen when requested, or attempt to alter or invalidate a test, you will be subject to dismissal.
 5. Test results indicating the presence of illegal drugs or alcohol will establish a violation of the Substance Abuse policy. For any violation of this policy, whether determined by testing or by other methods, the following steps will be taken in the company's sole discretion:
 - You will be discharged or possibly disciplined; or...
 - You may be referred to the EAP for assistance in finding an approved rehabilitative program; and/or...
 - You may be given leave for rehabilitation, if approved by an appropriate medical professional.
 6. Pursuant to paragraph one above, a second positive test within two years from the date of the first positive test may result in termination.

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7. Positive test results (or results determined to be adulterated, diluted or substituted) will be communicated from the company's testing laboratory to the company's MRO. On receipt of positive test results (or results determined to be adulterated, diluted or substituted), the MRO will inform the applicant or employee of the positive test results and discuss the results with that person. In this discussion, the MRO will provide the sample donor with an opportunity, in a confidential setting, to provide a medical explanation for the result (including the opportunity to identify prescription and non-prescription drug use), the opportunity to contest/rebut the positive test result, and/or the opportunity to provide any information that person feels is relevant. After speaking with the sample donor, the MRO will report the results to the company as appropriate. The company's Human Resources Manager or the company's designated representative will make a determination regarding the appropriate response to the positive test results, which, may include refusal to hire for applicants and discipline up to and including termination of employment for employees, and will notify the applicant or employee of such determination. The Human Resources Manager or company's designated representative may also notify any other supervisor or manager of the company with a need-to-know.
8. Microchip will keep all information related to drug and alcohol testing, counseling or treatment related to substance abuse strictly confidential. Microchip will not release any information regarding the test results outside of the company without the written consent of the individual tested, except as otherwise authorized or required by law.
9. Tests will occur during, before or after a regular work period. Non-exempt employee will be paid through to the end of the drug testing and transportation period. Exempt employee will be paid for the day as normal. Employee will be placed on unpaid administrative leave until the results have been determined. Should the test results deemed to be negative, the normal work hours/days will be compensated. Microchip will pay for all costs associated with the testing of its employees, as well as the cost of transportation to the test-site and home if the tests do not occur at the company premises.
10. Collection of samples shall be performed under reasonable and sanitary conditions and in accordance with applicable law. Sample collections will be documented and labeled in order to reasonably preclude the possibility of misidentification of the person being tested in relation to the test result provided. An opportunity will be provided for the person to be tested to provide notification of any information that may be considered relevant to the test, including identification of current or recently used prescription or non-prescription drugs or other related medical information. Sample collection, storage and transportation to the place of testing shall be performed in a manner reasonably designed to preclude the possibility of sample contamination, adulteration or misidentification. Sample testing shall comply with scientifically accepted analytical methods and procedures. Drug testing shall be

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conducted at a laboratory approved or certified by the United States Department of Health and Human Services, the College of American Pathologists or the applicable state Department of Health Services.

11. The tested employee has the right, upon request, to obtain the written results of any drug tests conducted on that individual, subject to the maintenance of confidentiality for other individuals.
12. All employees including officers, directors and supervisors are subject to this policy and may be asked to sign a statement of acknowledgment, accepting it as a condition of employment. Applicants for employment will be notified in advance and in writing, of the drug testing requirements of this policy.
13. To the extent any provision in this policy conflicts with applicable federal, state or local law, the applicable law shall apply.

<u>Cross Reference</u>	<u>HR Policy No.</u>
EEO	HR-100
Employee Performance Improvement Plan	HR-410

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