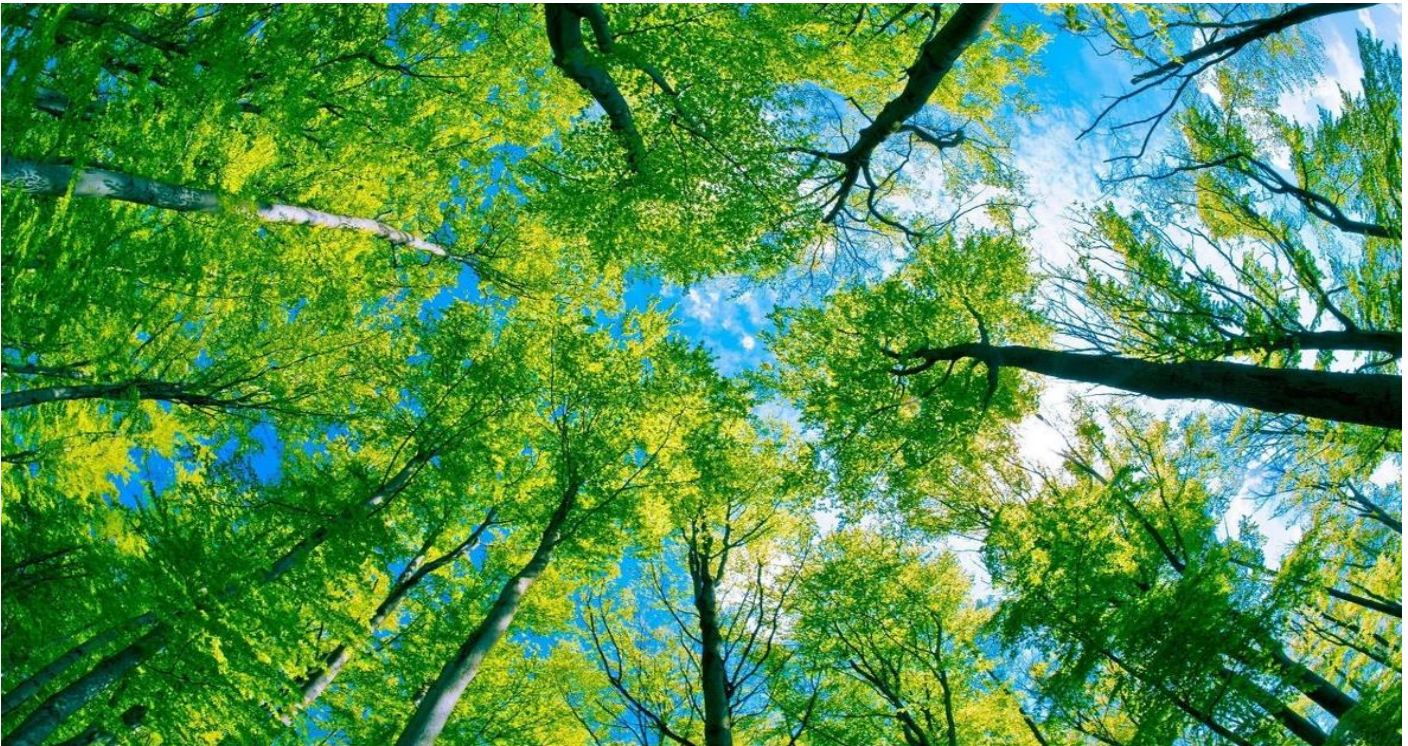




Monolithic Power Systems



Environmental and Climate Change Policy

2021

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ENVIRONMENTAL AND CLIMATE CHANGE POLICY

Monolithic Power Systems (MPS) is committed to promoting environmental stewardship and providing a safe and healthy environment for our employees, contractors, and communities. Our mission is to reduce energy and material consumption to improve all aspects of our quality of life. Our goal is to drive innovation, conserve natural resources, and minimize the environmental impact from our products, supply chain and operations. Our commitment to the environment is reflected in our policies, programs and practices for conducting operations in an environmentally responsible manner.

Our Commitments

This policy forms the basis on which MPS establishes, implements, maintains and continually improves our environmental commitments. To fulfill this vision, MPS will work to abide by these commitments through our **product designs**, **supply chain**, and **business operations**:



Overall Objectives and Policies

Product Designs

We are committed to delivering products that are safe and designed with environmental stewardship in mind, and developing energy efficient components that reduce total energy consumption in our customers' systems with green, practical and compact solutions.



- Create products with innovative designs that align and conform with our customers' requirements to meet or exceed global energy efficiency standards.
- Deliver components that allow the use of lower levels of energy for various consumer products, such as electric vehicles, gaming consoles, computer servers and high-end notebook computers, thereby reducing battery consumption and extending product life.
- Develop efficient power solutions that reduce carbon footprint at each generation of new product designs.
- Assess opportunities to align processes with our environmental objectives in early-stage technology development, and invest in research and development activities that improve energy consumption and minimize waste.

Supply Chain

As a fabless company, MPS outsources certain key manufacturing processes to third-party foundry partners, subcontractors and other suppliers. We expect our manufacturing suppliers to adopt sustainable practices and activities that address environmental responsibility.



- Participate in the Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.
- Collaborate with suppliers towards environmental improvement and compliance, including the adoption of the RBA Code of Conduct on environmental standards.
- Increase engagement with suppliers on environmental performance through risk assessment, training, and compliance audits and inspections.
- Evaluate the use of environmental-friendly products and processes in the procurement of goods and services with our suppliers.

Business Operations

Through the implementation of various policies and initiatives, we are committed to conducting our operations and business activities in a manner that protects the environment and the communities in which we work, conserves natural resources and focuses on sustainability opportunities.



- Implement water conservation initiatives and programs that address consumption and reduction in water usage in our manufacturing processes, operations, and facilities in locations vulnerable to drought conditions.



- Adopt measures that achieve electricity savings and promote the use of green energy in our facilities and buildings by optimizing existing systems and implementing new efficiency projects.



- Implement waste management programs that minimize the impact of materials waste, including recycling and direct reuse, composting, and packaging designs.



- Manage our carbon footprint by adopting production and facility processes that reduce greenhouse gas emissions and chemical pollutants from our operations and other business activities.



- Provide ongoing training programs in the workplace and engage employees in our environmental compliance efforts.

Our Approach

To achieve each of the short and long-term goals and objectives, MPS intends to establish the following key processes and procedures:

- Comply with applicable laws, regulations, reporting requirements, and voluntary initiatives.
- Maintain an Environmental Management System (ISO14001), establish targets for continuous improvement and measure our progress.

- Partner with our employees, contractors and key manufacturing suppliers to improve their understanding of, and participation in, MPS's environmental commitment.
- Engage with our customers and other key stakeholders to understand and address their expectations on MPS's environmental efforts.
- Establish measurable performance goals for MPS's executives related to the development and implementation of environmental objectives.
- Perform studies to understand baseline performance and implement goals related to reduction targets.
- Provide transparent disclosures on our progress and achievement to key stakeholders.

Board Oversight

The Board of Directors (the Board) is responsible for the oversight of MPS's environmental compliance efforts. Management is responsible for reviewing progress updates and results with the Board related to MPS's ongoing initiatives and projects. On a periodic basis, the Board, in conjunction with the Compensation Committee and the Nominating and Governance Committee, will evaluate management's environmental compliance efforts by focusing primarily on the following areas:

- Assess risks and opportunities and their impact on MPS's operations.
- Set measurable company goals, monitoring progress and reviewing status reports.
- Align executive compensation with rigorous performance goals tied to environmental initiatives and metrics.
- Evaluate management's ongoing engagement and communication with MPS's stockholders and other key stakeholders.
- Ensure environmental policies and practices align with our overall business strategies.

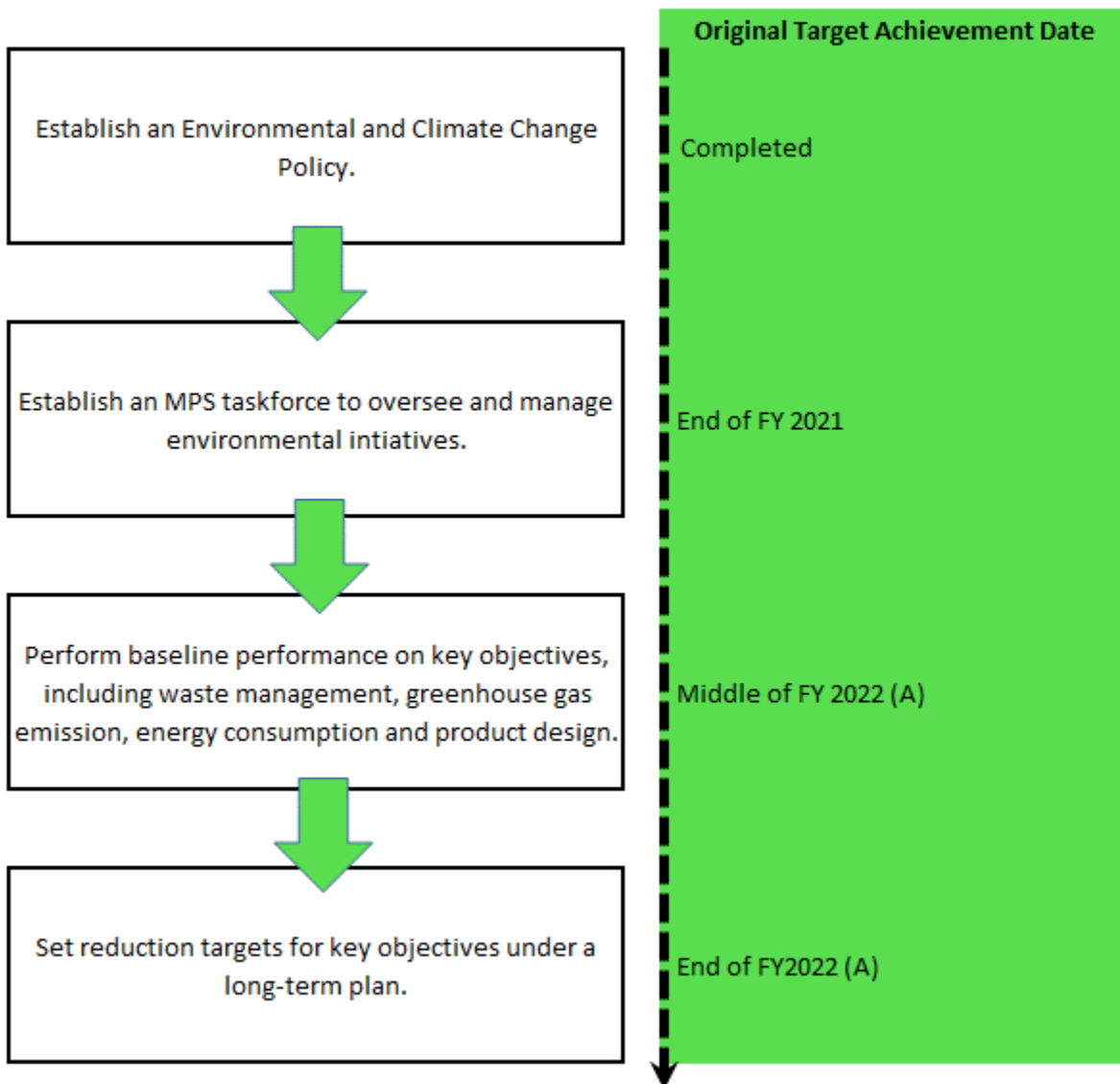
Refer to Appendix A for the annual performance goals related to environmental initiatives established by the Board.

APPENDIX A

2021 Goals and Objectives

As part of MPS’s commitment to promoting environmental sustainability, the Board will, at its sole discretion, establish specific, measurable goals for MPS related to key environmental initiatives each year.

For 2021, the Compensation Committee implemented the following environmental objectives for MPS’s executives as part of their long-term equity incentive program:



(A) Based on shareholder outreach and feedback, management plans to complete these goals by early FY2022.