FY24 Microsoft Supply Chain Integrity Statement

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Board of Directors' approval

This statement describes the actions taken by Microsoft Corporation and its subsidiaries covered by reporting requirements (the Reporting Entities listed in Annex 1) during Fiscal Year 2024 (FY24) to uphold human rights, prevent modern slavery and human trafficking, and protect the environment, in our operations and our supply chains, and to promote decent working conditions. This statement is made pursuant to the United Kingdom (UK) Modern Slavery Act, Australian Modern Slavery Act[1], and the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, and the Norwegian Transparency Act (collectively the Relevant Reporting Laws).[2] Microsoft Corporation and the Reporting Entities are hereinafter collectively referred to as

Microsoft. A mapping of the sections of the report to each law's reporting requirements is identified in Annex 2.

The statement reflects our global, risk-based approach to identify and address human rights risks, including modern slavery, health and safety, and environmental risks in our operations and supply chains. Throughout this statement, we reference "modern slavery," which includes forced, debt-bonded, indentured, child, slave, or involuntary labor (including prison labor), and human trafficking.

Microsoft continues to develop, implement, and enforce measures that allow workers in our global supply chains and our employees

to exercise their human rights and protect the environment. Senior management of the supply chain teams contributing to goods and services sold by the Reporting Entities were consulted and have contributed to and reviewed the content of this statement.

This statement is signed by Penny Pritzker[3] in her role as Director of Microsoft and member of the Microsoft Board of Directors; Chair, Environmental, Social, and Public Policy Committee. The Microsoft Board of Directors approved this statement for the Reporting Entities at its December 04, 2024, meeting as the parent entity.

Penny Pritzker

- ✓ NTA 2022
- ✓ AMSA 2018
- ✓ UKMSA 2015
- ✓ CMSA 2023

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[1] For the purposes of the Australian Modern Slavery Act 2018 (Cth), the Australian Reporting Entities conduct business for Microsoft in Australia as subsidiaries. Microsoft Pty Ltd is a proprietary company limited by shares and its principal operations are to market, distribute, and sell Microsoft's goods and services in Australia. Microsoft Australia Holdings Pty Ltd and Microsoft Datacenter (Australia) Pty Ltd are also proprietary companies limited by shares and together operate Microsoft's Australian datacenter servers. LinkedIn Singapore Pte Ltd is a private company limited by shares and is a registered foreign company in Australia (as of 22 October 2016) which supports the operation delivery of Microsoft's social and professional network platform, LinkedIn, in the Asia-Pacific region. Of all Australian Reporting Entities, only Microsoft Australia Holdings Pty Ltd owns and controls other entities, including Microsoft Datacenter (Australia) Pty Ltd.

[2] The report is aligned with and follows the structure of the German Supply Chain Due Diligence Act (LkSG).

[3] This approval also aligns with requirements of the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Law, which requires an attestation: "For purposes of the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, this report was approved by the board of directors of Microsoft Corporation pursuant to subparagraph 11(4)(b)(i) of that act on its own behalf and on behalf of each of the Canadian Reporting Entities."

Foreword

At Microsoft, as we work to empower every person and every organization on the planet, we're committed to advancing and protecting fundamental rights. This commitment is embedded in our culture, guiding our actions and decisions across all aspects of our business. Whether in our own workforce or supply chains, we work to promote responsible business practices and examine our impact on people. This report outlines our ongoing efforts and initiatives to protect the environment and uphold and advance the fundamental rights of those working across our supply chains.

Since Microsoft was established nearly 50 years ago, supply chains have been an integral part of our operations. As we enter into the era of AI, the AI economy will require robust supply chains to build and deliver the products and services to empower our customers, partners, and employees. Microsoft's operations, which result in us delivering a diverse set of products and services to our customers, requires the coordination of over 19,000 suppliers across the globe.

To sustain the trust of our customers and stakeholders, we take action to verify that our suppliers engage in high-integrity responsible practices. We continue to expand our ability to assess potential risks, identify issues, mitigate concerns, and when necessary, remediate issues, consistent with legal requirements, international standards, and the expectations of our customers.

This year, we saw progress in many areas. We introduced a new internal governance structure for our supply chain integrity work, including implementing accountability processes for human rights and environmental due diligence to quantitatively measure our progress. We continued to standardize our core due diligence processes across the company, driving these standards and processes into our complex supply chains. We are working to harness the power of technology through the development of tools that allow us to scale our work, and platforms to aggregate our data for more efficient and transparent reporting. We also updated our supplier training and collaborated across the industry through consortia and trade groups working to develop industry-wide solutions to issues like the supply of critical minerals.

We're encouraged by the progress we've made but there is still more to do. With nearly 700 million people living in extreme poverty and 50 million living in some form of modern slavery, our work to protect fundamental rights in our supply chains remains critically important. As we transition to a new AI economy, we will work to create economic opportunity, develop technology to help identify and mitigate human rights abuses, and build and deploy technology responsibly.

As we navigate the complexities of a rapidly evolving global landscape, we remain steadfast in our commitment to transparency, accountability, and collaboration with stakeholders across our supply chain. We remain committed to protecting fundamental rights and to work to use technology for the benefit of people everywhere.
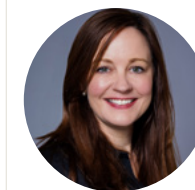
Teresa Hutson
Corporate Vice President, Technology for Fundamental Rights, Microsoft

Section 1

Microsoft's approach: Structure, business, and supply chains

As outlined in our 2024 Impact Summary Report, Microsoft's commitment and responsibility extend beyond the development of products and technology to respecting environment and human rights, and implementing robust due diligence measures. Microsoft succeeds when we help the world around us succeed. That is why we are steadfast in our commitment to advance inclusive economic growth, protect fundamental rights, create a sustainable future, and earn trust. This report covers our operations and supply chains as required by the Relevant Reporting Laws.

- ✅ NTA 2022
- ✅ AMSA 2018
- ✅ UKMSA 2015
- ✅ CMSA 2023

About Microsoft

Founded in 1975, Microsoft is a publicly traded (NASDAQ: MSFT) technology company whose mission is to empower every person and every organization on the planet to achieve more.

We develop products, services, and devices to empower people and organizations. This includes products like cloud-based solutions, operating systems, productivity applications, server and business solutions, management tools, development tools, video games; services like support, consulting, and online advertising; and various devices like PCs, tablets, and gaming consoles.

As we enter the new era of AI, we are delivering AI-powered products that fit the needs of people and organizations large and small. AI will unlock profound possibilities for people, industry, and society by helping people and organizations be more productive and solve the most pressing problems of our society.

When our technology changes the world, we have a responsibility to help address the challenges technology can create. We are committed to respecting human rights and advancing responsible business practices. In this pursuit, we seek to develop technologies and services that enrich individual and shared experiences across the globe and to identify and help mitigate challenges they may present.
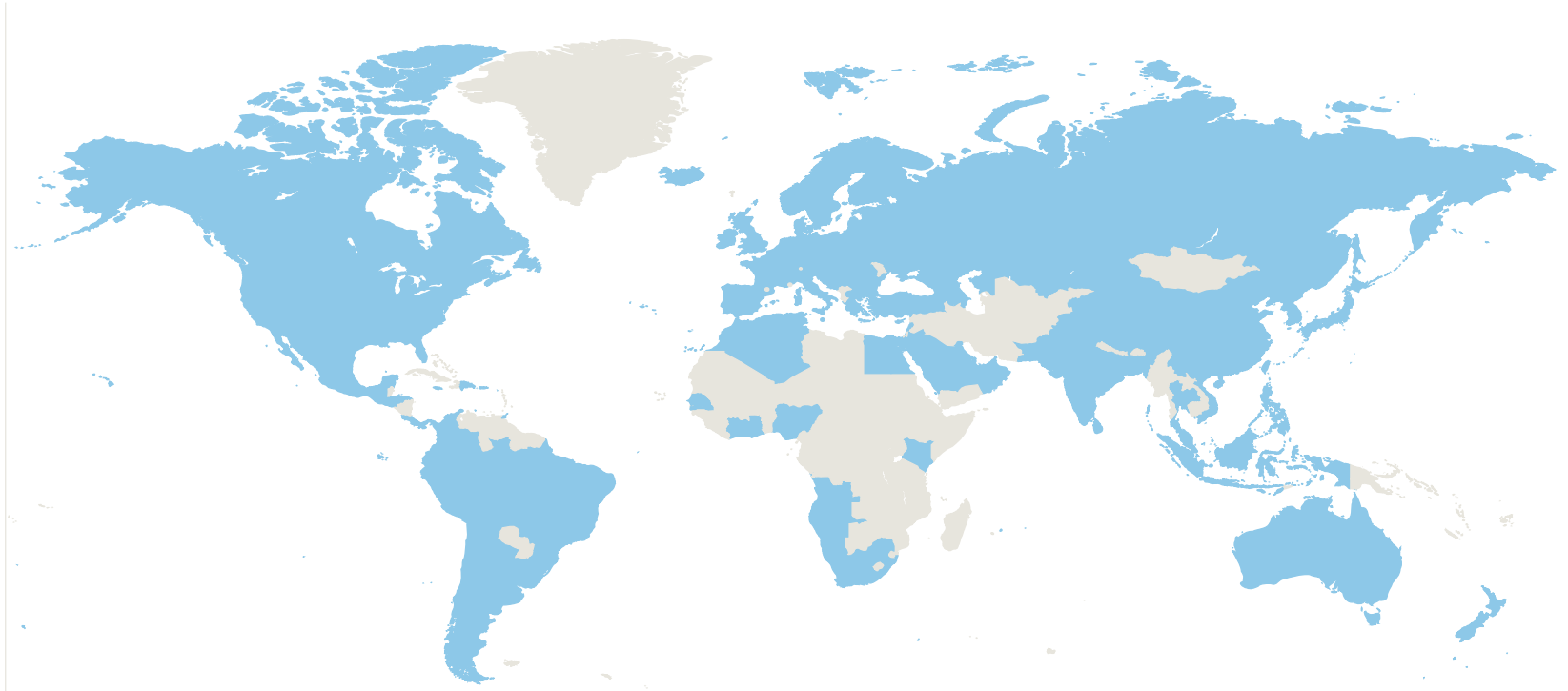
Operations

As of June 30, 2024, we employ approximately 228,000 people on a full-time basis, 126,000 in the U.S. and 102,000 internationally. Our corporate headquarters is in Redmond, Washington. We own and lease facilities domestically and internationally, primarily for offices, datacenters, and research and development. The largest owned international properties include space in the following locations: China, India, Ireland, and the Netherlands; and the largest leased international properties include space in the following locations: Australia, Canada, China, France, Germany, India, Ireland, Israel, Japan, the Netherlands, and the United Kingdom. Our office locations are listed here.

Algeria	China	Greece	Latvia	Panama	Sweden
Angola	Colombia	Guatemala	Lebanon	Peru	Switzerland
Argentina	Costa Rica	Honduras	Lithuania	Philippines	Taiwan
Armenia	Côte d'Ivoire	Hong Kong SAR	Luxembourg	Poland	Thailand
Australia	Croatia	Hungary	Macao SAR	Portugal	Trinidad and Tobago
Austria	Cyprus	Iceland	Malaysia	Puerto Rico	Tunisia
Azerbaijan	Czechia	India	Malta	Qatar	Türkiye
Bahrain	Denmark	Indonesia	Mauritius	Romania	Ukraine
Bangladesh	Dominican Republic	Ireland	Mexico	Russia	United Arab Emirates
Belarus	Ecuador	Israel	Morocco	Saudi Arabia	United Kingdom
Belgium	Egypt	Italy	Namibia	Senegal	United States
Bolivia	El Salvador	Jamaica	Netherlands	Serbia	Uruguay
Bosnia and Herzegovina	Estonia	Japan	New Zealand	Singapore	Vietnam
Brazil	Finland	Jordan	Nigeria	Slovakia	
Brunei	France	Kazakhstan	North Macedonia	Slovenia	
Bulgaria	Georgia	Kenya	Norway	South Africa	
Canada	Germany	Korea	Oman	Spain	
Chile	Ghana	Kuwait	Pakistan	Sri Lanka	

Our global supply chains

Because we are a global technology company, our supply chains have multiple tiers of suppliers. In FY24, we sourced goods and services from more than 19,000 directly contracted suppliers in 108 countries (seen in the map) and across more than 140 commodity types, including electronics, construction, and event and marketing services. Our supply chains are formed by layered networks of directly contracted suppliers and the extended supply chain (indirect or sub-tier), which comprises the suppliers and subcontractors that service our directly contracted suppliers.

Extended supply chain:	**Extended supply chain:**	**Directly contracted supply base:**	**Microsoft**
Raw material extraction and processing	Component production or services	Product assembly or services	Products and services
→	→	→	

Microsoft's Supply Chain Teams

Microsoft manages relationships with our supply chains through the following teams (collectively referred to as Supply Chain Teams), which generate goods and services sold by the Reporting Entities. We take a risk-based approach to managing supply chain integrity risk, and our supply chains are at various stages of implementation.

Procurement

Maintains relationships with suppliers providing goods and services to Microsoft business units and corporate operations, including suppliers that operate Microsoft's owned buildings and transportation fleet. This includes Microsoft subsidiaries, **GitHub**, whose procurement activities are fully integrated, and **Nuance,** whose procurement activities continued to be integrated into Procurement in FY24.

Devices

Maintains relationships with suppliers manufacturing our devices, related packaging materials, and components.

Cloud Hardware

Maintains relationships with suppliers manufacturing hardware components and equipment that go into Microsoft datacenters supporting our global cloud infrastructure.

Cloud Operations and Innovation (CO+I)

Maintains relationships with suppliers supporting our datacenter land acquisitions, construction, and operations.

LinkedIn

Maintains relationships with suppliers supporting LinkedIn goods and services.

Activision Blizzard

With the closing of the Activision Blizzard King transaction, we are aligning procurement processes with ABK where appropriate.
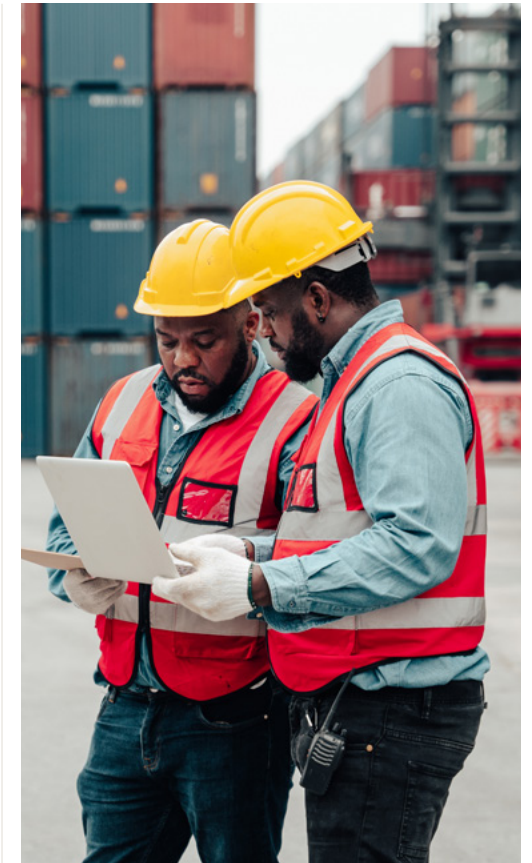
Section 2

Risk management oversight and management responsibility

Microsoft is committed to safeguarding respect for the environment and human rights in our operations and our supply chains.

Operations	11
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✓ NTA 2022

✓ AMSA 2018

Operations

Microsoft's Human Resources (which includes Global Occupational Health and Safety, (OHS)), Corporate, External, and Legal Affairs (CELA), and Finance organizations have primary accountability to address potential or actual human rights risks and applicable regulations, and report to appropriate levels of senior management during the normal course of business.

The teams are supported by other functions and expertise at Microsoft and staffed with subject matter experts who receive ongoing training and development. In addition, we have OHS support personnel in select countries with training and certifications to support activities in their country. We are also working to expand in-country coverage across Microsoft's footprint.

In addition to the existing health and safety support provided across our datacenter operations, in 2020, Microsoft restructured their OHS team into a central function to provide core health and safety programs globally, including incident reporting, training, regulatory monitoring, and ergonomics, with governance established through an OHS council in FY24. The OHS council is a steering committee that meets twice per year to review developments in OHS management, including new risks or risk mitigation elements identified by the OHS team. This newly established council also works to identify risks for each business group within Microsoft and develops risk mitigation plans.

Complementing the centralized OHS program, Microsoft also has OHS programs in specific countries to meet local requirements. As an example, we sponsor health and safety training, occupational medical exams, risk assessments ergonomics, incident management inspections, safety and health committees, and mental health and wellbeing programs.

In 2020

Microsoft established the OHS team to provide core health and safety programs globally.
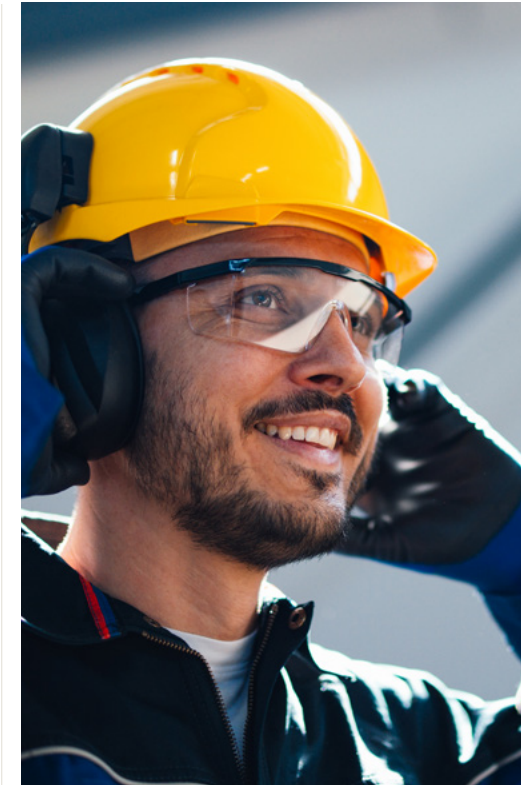
Supply chains

Microsoft's Supply Chain Integrity (SCI) Team works across Microsoft's global operations and supply chains, including the supply chains of the products and services sold through our Reporting Entities, to identify and mitigate supply chain risks.

SCI is in Microsoft's CELA Technology for Fundamental Rights (TFR) organization. SCI is a hub for the company's strategy on supply chain due diligence standards covering environment, health and safety, human rights, and ethics, as well as supplier risk management in our global supply chains. SCI manages compliance with global due diligence laws and regulations, as well as expectations from customers, investors, non-governmental organizations (NGOs), and other stakeholders (as detailed in the Microsoft External Engagements section on page 44). The team standardizes due diligence and reporting practices for Supply Chain Teams, reviews implementation of these requirements, monitors progress, and shares best practices.

Through cross-company and cross-industry collaborations, we identify and mitigate risks, including modern slavery risks. Continuous improvement results in real impacts realized by the individuals and communities tied to our global supply chains.

Upholding our commitment to human rights and decent working conditions requires a combination of centralized and supply chain–specific functions. SCI, Supply Chain Teams, and other compliance teams within CELA provide regular updates to their senior leadership for visibility and oversight, and all of these functions engage in cross-team reporting and collaboration to identify ways to advance Microsoft's compliance and commitments. These Microsoft corporate teams include:

- Legal
- Investor Relations
- Human Rights
- Trade Operations and Customs
- Environmental Sustainability
- Corporate Communications and Public Relations
- Enterprise Risk Management
- Mergers and Acquisitions
- Digital Infrastructure
- Internal Audit

The Environmental, Social, and Public Policy (ESPP) Committee of the Board oversees our environmental sustainability and corporate social responsibility work, and works with management to review our policies, programs, and performance.

All teams accountable for the implementation of these processes have relevant expertise in their fields, understand risk management practices, and are supported by other functions and expertise internally at Microsoft to aid in their process design and decision-making. The SCI Team also collaborates with corporate compliance teams to provide training for Supply Chain Teams and other corporate partner teams.

> SCI manages compliance with global due diligence laws and regulations, as well as expectations from investors, NGOs, and other stakeholders.

Continuously improving our supply chain integrity management

In FY24, we implemented a new governance structure with three internal stakeholder groups:

1 **Strategic Leadership:** company leaders providing leadership direction, resourcing guidance, and input on priorities.

2 **Management:** a team of managers from across the company that collaborates, identifies improvement opportunities, and manages implementation.

3 **Implementation:** contributors from across the company who focus on supply chain integrity as part of their daily jobs.

A key process improvement in FY24, applied through this governance structure, is a new scorecard system that applies quantitative measurements to progress toward supply chain integrity requirements.

Section 3

Fundamental rights policies

To serve its mission, Microsoft seeks to support economic growth, protect fundamental rights, ensure decent working conditions, create a sustainable future, and earn trust. We are committed to respecting internationally recognized human rights, including those related to the elimination of modern slavery, and taking steps to verify that our suppliers comply. The Reporting Entities adhere to Microsoft's fundamental rights policies.

- ✅ NTA 2022
- ✅ AMSA 2018
- ✅ UKMSA 2015
- ✅ CMSA 2023

Guiding policies

Microsoft's fundamental rights policies are designed to align with the following international human rights instruments:

- Convention on the Elimination of All Forms of Discrimination against Women

- Convention on the Rights of Persons with Disabilities

- Convention on the Rights of the Child

- International Convention on the Elimination of All Forms of Racial Discrimination

- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families

- International Covenant on Civil and Political Rights

- International Covenant on Economic, Social and Cultural Rights

- United Nations Declaration on Human Rights Defenders

- United Nations Declaration on the Rights of Indigenous Peoples

- Universal Declaration of Human Rights

- Geneva Conventions and Their Additional Protocols

- International Labor Organization's Declaration on Fundamental Principles and Rights at Work, including the core labor conventions

- Rome Statute of the International Criminal Court

Policy groups

Microsoft is a member, signatory, or supporter of the following frameworks and multi-stakeholder initiatives:

- Child Rights and Business Principles

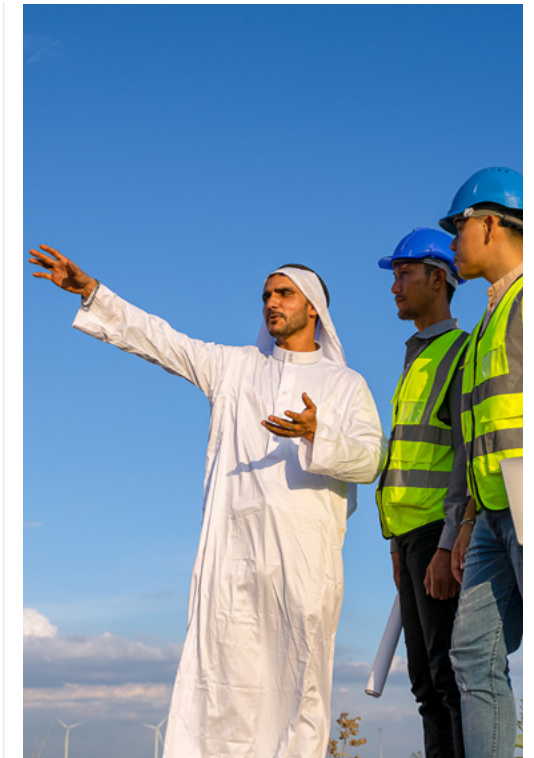- United Nations Global Compact and Sustainable Development Goals

- Tackling Discrimination Against Lesbian, Gay, Bi, Trans, and Intersex People

- Women's Empowerment Principles

- Global Network Initiative

Microsoft Global Human Rights Statement

Microsoft's [Global Human Rights Statement](#), available in several languages, outlines our commitment to respecting the rights of our employees, product users, suppliers, and individuals in the communities in which we operate, so our technology plays a positive role across the globe. Microsoft's commitments are grounded in international human rights laws, principles, and norms and apply to Microsoft and all its subsidiaries. We meet these commitments by:

- Publicly stating our human rights policies;

- Explaining how we advance policies through our business operations and practices;

- Proactively engaging and learning from stakeholders to inform our approach;

- Looking to international principles and norms, such as the Guiding Policies mentioned above, to guide our ongoing human rights due diligence; and

- Communicating the work we are doing to meet our human rights responsibilities through our reporting and other transparency vehicles.

In 2024

LinkedIn evolved its Supplier Risk and Compliance strategy to further safeguard human rights, protect the environment, and advance diversity and inclusion.

Deepening LinkedIn's supply chain commitments

LinkedIn aims to transform the world by creating economic opportunity for every professional across the globe. Operating with integrity, including within LinkedIn's supply chain, is central to this goal. In FY24, LinkedIn evolved its Supplier Risk and Compliance strategy to further safeguard human rights, protect the environment, and advance diversity and inclusion. The strategy aligns with new, broader laws and regulations surrounding supply chain risks, and works to grow LinkedIn's positive influence throughout its supply chain.

To better evaluate risk, LinkedIn expanded its Supplier Risk and Compliance Program to include new risk assessments and due diligence policies that cover Supply Chain Integrity, Diversity and Inclusion, and environmental risks. These assessments support LinkedIn in identifying, evaluating, and managing risks.

To address potential human rights violations, LinkedIn extended its Comprehensive Grievance Mechanism beyond employees. Now LinkedIn suppliers can also report human rights violations through an established, documented process. The mechanism includes a built-in process to address identified violations.

To advance human dignity, in FY24, LinkedIn's Global Compliance & Integrity team incorporated the Microsoft Supply Chain Integrity team's policies and updated the LinkedIn Supplier Code of Conduct (SCOC) to align with Microsoft's. This update was published and distributed to all LinkedIn suppliers in November 2023, with key changes highlighted. In addition, LinkedIn's annual mandatory Business Integrity training was updated to mirror Microsoft's annual employee training on Standards of Business Conduct and launched in March 2024.

Microsoft's Human Rights Statement also includes Microsoft's Equal Employment Opportunity Policy, Anti-Harassment and Anti-Discrimination Policy, and Standards of Business Conduct, also referred to as the Trust Code, and provides resources for employees and other interested stakeholders to report potential human rights concerns for investigation. Microsoft's employee policies call out a range of expectations for employee conduct, behavior, and practices in the workplace. In addition, we are in the process of establishing a global Microsoft Health and Safety (H&S) policy, taking into account existing H&S policies.

Employees, including representatives of works councils, have access internally to Microsoft's employee policy statements, and all employees are required to take annual training on Microsoft's Standards of Business Conduct.

Material policy updates are communicated through email, Microsoft Teams posts, and updates to internal websites and are reviewed with organized labor, including works councils, consistent with local law, policy, and procedures.

Supply chains

Every year, Microsoft updates policies, procedures, and supplier requirements to reflect evolving legal and regulatory requirements, and input we've received in consultations with stakeholders and through reviewing risk trends.

Additionally, we have established three Microsoft-specific documents to guide how we, as Microsoft, our directly contracted suppliers, and sub-tier suppliers, operationalize: the Supply Chain Human Rights Policy Statement, the Supplier Code of Conduct (SCoC, available in several languages), and the Partner Code of Conduct (PCoC). Each of these documents defines our human rights commitments, and all are reviewed and updated regularly.

Supply Chain Human Rights Policy Statement: The statement, which is updated annually, outlines how Microsoft applies risk management measures to operationalize our commitments to human rights and the environment in our corporate, business, and subsidiary supply chains.

This policy statement establishes Microsoft's approach to risk management with the direct and extended supply chain, and includes:

- establishing a risk management system in alignment with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct,

- developing standards that suppliers must meet and expectations that they work toward implementing their own due diligence,

- conducting an annual risk assessment,

- establishing preventive and remedial measures,

- developing grievance mechanisms,

- handling documentation and reporting,

- identifying priority risks, and

- conducting effectiveness reviews.

The policy statement is communicated to Microsoft employees and contractors responsible for managing supply chain risks, as well as all our directly contracted suppliers through Microsoft's Supplier Code of Conduct and the Code of Conduct for Doing Business with LinkedIn.

Six steps of the OECD Due Diligence Guidance for Responsible Business Conduct

Step 6
Communication through internal and external trainings, accountability to stakeholders, and in reporting

Step 2
Risk assessments conducted periodically to identify, weigh, and prioritize human rights and environmental risk

Step 1
Embedding fundamental rights strategy with fundamental rights policies, risk management oversight, and responsibility

Step 3
Risk mitigation occurring through supplier lifecycle – onboarding, monitoring, offboarding

Step 5
Effectiveness measures reviewed annually and continuosly improved, and best practices shared across teams

Step 4
Remediation processes addressing issues documented by investigations and audits

Sustainability

Supplier Code of Conduct

We define supplier expectations in Microsoft's Supplier Code of Conduct (SCoC) and the Code of Conduct for Doing Business with LinkedIn. Directly contracted suppliers are contractually obligated to meet these requirements. They are also required to cascade Microsoft's environment and human rights supply chain expectations to their supply chains through their own direct contracts with sub-tier suppliers.

Partner Code of Conduct (PCoC): This applies to Microsoft Partners, who work with us to serve Microsoft customers. As outlined in the PCoC, Partners must provide a safe and healthy work environment that fully complies with all employment, health, and safety laws. Partners are also required to abide by local minimum wage and maximum working-hour requirements and are prohibited from using forced labor, child labor, or labor contracts that impose unreasonable limitations on a worker's ability to leave a Partner's employment.

New training for all our suppliers and expanding use of our SCoC training course to GitHub and LinkedIn

We updated our SCoC training course content in FY24 to include additional specific scenarios related to environmental and human rights and to provide added focus on grievance processes, including how to access grievance information. Completed in June 2024, the training is now available to all suppliers, and also will be utilized by LinkedIn and GitHub suppliers.

Partners must provide a safe and healthy work environment that fully complies with all employment, health, and safety laws.

Microsoft recognizes how human rights are inherently tied to the health of the environment. Creating a sustainable future is one of our corporate social responsibility pillars, and our work reflects this priority.

We continue to make progress toward our carbon-negative, water-positive, zero-waste, and ecosystem protection commitments, as highlighted in our 2024 Microsoft Environmental Sustainability Report.

| Section 4

Stakeholder engagement

The requirements defined in the Microsoft SCoC and the Code of Conduct for Doing Business with LinkedIn and our risk management practices are drawn from internationally recognized standards, legal obligations, and industry best practices. To develop standards and practices that adhere to each step of the risk management system and align with the OECD Due Diligence Guidance for Responsible Business Conduct, extensive subject matter consultations and reviews are conducted with stakeholders, including stakeholders from vulnerable populations.

| ✔ NTA 2022

Supplier worker sentiment survey

The Devices responsible sourcing team runs a Workers' Voice program, which aims to facilitate hearing directly from supplier workers so we can better understand their perspectives. This allows the team to improve worker engagement and satisfaction by identifying barriers and opportunities to improve workers' experience, and to improve supplier and Microsoft risk management processes.

In FY24, the Devices responsible sourcing team initiated a supplier worker sentiment survey program as a complementary measure to the Workers' Voice program.

In FY24, 20 suppliers covering Tier 1 and strategic Tier 2 participated in the Worker's Voice program, and 9,064 supplier workers participated in the sentiment survey. The participating supplier workers provided anonymous feedback in five key areas, including health and safety, wages and benefits, working hours, work atmosphere, and grievance mechanisms.

With the support of an independent third party, the survey data was analyzed and consolidated as a summary report for each supplier. Suppliers are required to develop an improvement plan in response to the survey results to enhance employee satisfaction. Microsoft is tracking changes in workers' sentiment level, for example, by following up on improvement progress and conducting regular surveys.

Section 5

Embedding fundamental rights strategy and risk assessments

Supply chains are critical to Microsoft's business. These complex networks touch virtually every part of the company, enabling us to create the products, devices, and services for which Microsoft is known. We embed our commitment to fundamental rights in how we manage and monitor our supply chains and empower our own employees with guidance and support throughout Microsoft operations worldwide.

This responsibility flows throughout all Microsoft Supply Chain Teams. Corporate guidance, informed by global legal requirements and established Microsoft policy, steers teams in enacting due diligence management systems, which include, as a key component, various measures designed to assess risk. These apply to both our directly contracted suppliers and our extended supply chains.

✅ NTA 2022

✅ AMSA 2018

✅ UKMSA 2015

✅ CMSA 2023

Operations

Microsoft seeks to mitigate and prevent potential human rights risks—including forced labor, child labor, workplace health and safety, discrimination, and low wages—by applying rights-aware decision-making in our business practices and policy development. Responsible groups work in their respective domain areas to review, address, and reduce human rights risks raised by employees, new laws or changes in a law, or as part of the regular course of business operations.

Microsoft is working to centralize OHS risk assessments and their prioritization.

For potential health and safety issues, OHS collaborates across the company to understand work activities, assess risks, and identify mitigation measures to minimize risk. Microsoft is working to centralize OHS risk assessments and their prioritization for countries within our footprint. We identified a need to provide dedicated OHS support personnel for certain global locations in our operations, within the next year, and to improve the OHS emergency preparedness program.

In Germany, OHS risks assessments are run every three years or sooner if new risks arise, and utilize a variety of data to prioritize risks and opportunities, including sickness absence, health provider utilization, and incident and fleet accident data. Primary risks noted were related to psychosocial stress, ergonomics and musculoskeletal disorders, traffic safety, exposure to noise, and supplier safety on Microsoft's premises.

These risks occur in locations where we operate as shown under "Operations" within the "Microsoft's approach: Structure, business, and supply chains" section.

Directly contracted supply base

Annual Microsoft-wide risk assessment

We conduct an annual company-wide supply chain risk assessment of human rights and environmental risk in our supply chains. This assessment, which covers all directly contracted supplier categories, prioritizes supplier categories posing the highest risks. We leverage external vendors, including Verisk Maplecroft, and internationally recognized risk indices such as the Environmental Performance Index by the Yale Center for Environmental Law & Policy, Shift's Business Model risk indices, and those of the Institute for Human Rights & Business. The outcome of this assessment is used to prioritize where we focus risk monitoring, mitigation, and remediation efforts.

Each Supply Chain Team reviews the results of the annual Microsoft-wide risk assessment, starting with their highest-risk categories. To determine which supplier categories warrant the most attention, we consider criteria such as country-specific environmental and human rights risks as well as supplier sectoral risk. Supplier-specific risk assessments are also conducted to determine appropriate action, such as the type and frequency of supplier monitoring needed, based on factors such as the nature and scope of our business activities, whether we contributed and were linked to the impact through a supplier, the severity and probability of the identified impacts, and Microsoft's ability to mitigate such impact. Through our annual supply chain risk assessment, we identified risks in our supply chains that were published in our Supply Chain Human Rights Policy Statement (in the "Our Approach to Risk Management" section).

Additionally, all Supply Chain Teams follow company-wide policies to identify and prevent modern slavery and human rights risk in their operations and supply chains.

CO+I risk-based vetting for all new suppliers

In FY24, CO+I added additional risk-based screening focused on human rights for all new and potential suppliers. Under our existing program, new and existing suppliers are screened against multiple screening lists and risk-rated through the human rights risk methodology aligned across Microsoft. Those that receive high-risk flags are taken through enhanced human rights screening. Enhanced screening is done for findings in unfair labor practices, prison labor, forced labor, and negative human rights impact on communities.

The enhanced screening includes searches of the company's name and known variations against predefined terms and adverse impact searches that cover social responsibility areas. The searches are conducted on well-known international media databases, but where a local database is known to provide comprehensive media coverage, searches of the local database are also conducted. The enhanced screening also includes searches of online national litigation databases based on the jurisdiction the supplier works in, and national publications such as newspapers, blogs, and social media for related litigation over the last five years.

In line with our risk-based approach to due diligence, our programs to minimize modern slavery practices focus on the Devices and Cloud Hardware supply chains, particularly in high-risk countries. This aligns with the United States Department of Labor's List of Goods Produced with Child Labor or Forced Labor, which has identified electronics manufacturing as a potential area that might pose a threat of child and forced labor.

Extended supply chain

While Microsoft does not have direct contracts with sub-tier suppliers, in addition to cascading our SCoC, we also assess our indirect suppliers using a variety of factors to identify the highest social, environmental, and business risks.

Materials Survey

In 2023, we surveyed our supply chain for the use of 14 materials.

For example, our standards extend to the sourcing of raw materials through our Responsible Sourcing of Raw Materials Policy. Suppliers are required to implement a raw materials policy that follows the steps set out by the OECD's Due Diligence Guidance. We survey our directly contracted suppliers to gather data on how prioritized high-risk materials are sourced. Our due diligence includes several quality assurance steps, including engagement with a third party to review all supplier responses for data validation.

The scope of our Responsible Sourcing of Raw Materials Policy includes all regulated "conflict minerals" (tantalum, tin, tungsten, and gold, or "3TG"), in addition to minerals identified by our annual raw materials risk assessment, and is not limited to specific materials or location. In 2023, in addition to the 3TG, we surveyed our supply chain for the use of cobalt, aluminum, copper, gallium, lithium, nickel, silicon, rare earth elements, germanium, and graphite.

Identifying forced labor risks in our Devices extended supply chain

In FY24, Microsoft Devices worked with a third party to further develop a forced labor risk assessment and due diligence approach for priority minerals. This allowed us to better understand and take action to mitigate the risk of forced labor at different phases of the supply chain, the nature of the forced labor risk, how forced labor risk manifests in different business activities, and how the forced labor risk varies between countries. A fully populated risk management tool of risk indicators and public issues saliency data helps guide further programming efforts in this space.

Identifying risks in our datacenter construction supply chain

In FY24, CO+I developed a program to validate that directly contracted construction general contractors adequately convey terms in our master contract agreements and the SCoC to their contracted suppliers and subcontractors.

The validation program covers multiple domains—including human rights, anti-bribery and corruption, financial health, and cybersecurity among other areas—and helps CO+I identify potential vulnerabilities where further due diligence is required within the datacenter construction sub-tier supply chain.

In addition to supplier surveys, we leverage the Responsible Minerals Assurance Program (RMAP), the Responsible Minerals Initiative's industry-level smelter and refiner audit program. We use the RMAP to assess whether critical minerals—including 3TG minerals and cobalt—in our devices are sourced from facilities that meet the requirements of OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. When we find 3TG smelters or refiners in our supply chain that do not conform to RMAP standards, we work with our suppliers to source in line with RMAP standards. As a last resort, we may remove them from our supply chain.

In addition to supplier surveys, we leverage the Responsible Minerals Assurance Program (RMAP)

Event-related risk analysis

New supply chain risks can arise due to new country operations, new business relationships, newly identified risks at supplier sites, new human rights challenges or conflicts, or other event-related risks. We do not wait for routine assessments to better understand these risks, but rather conduct ad hoc risk assessments.

In FY24, we assessed and addressed several areas of potential new risks, outlined below. These assessments did not change Microsoft's risk profile significantly, and the results of the yearly risk assessment continued to be our areas of focus.

> We do not wait for routine assessments to understand these risks, but rather conduct ad hoc risk assessments.

Challenges raised by Israel-Hamas war

Microsoft Procurement continues to conduct focused and more frequent reviews of suppliers in the region, including of their business continuity plans, and their ability to sustain business operations and pay employees appropriately. For strategic or critical suppliers, LinkedIn is developing alternate pathways in the event suppliers can no longer provide products or services or comply with LinkedIn's Code of Conduct.

Continuation of Russian war on Ukraine

Microsoft continues its policy of no new sales in Russia to comply with applicable sanctions and is monitoring further engagement of suppliers in Russia and Belarus.

Economic crisis in Argentina

When the Central Bank of Argentina restricted importers from exchanging pesos for USD to pay debts to U.S. companies, we conducted a review of operations and suppliers in Argentina for business continuity and their ability to pay employees in a timely manner. No adverse impacts were found.

Freeze on foreign migrant worker recruitment in Malaysia

On March 1, 2024, the Government of Malaysia (GoM) made a sudden announcement affecting its "Calling Visa" program, which allocates a limited number of Foreign Migrant Worker (FMW) visas to companies looking to bring foreign workers into the country. Under the new rules, suppliers ran the risk of having their FMW quotas revoked after May 31, 2024. The announcement created a risk of rushed recruitment processes, a situation where the use of standard recruitment checks and controls can potentially be compromised, and the increased risk of using recruitment fees, forced labor, and other exploitative practices.

The Devices team surveyed our suppliers based in Malaysia to understand how the new law would impact their workforce and recruitment plans, and to map their new recruitment and hiring processes against best practices. Along with the deployment of the survey, we included the Responsible Business Alliance's briefing on the subject and its recommended guidance and resources. The survey identified one impacted supplier, and we worked with the supplier to map the FMW employment process and proactively mitigate risks. We subsequently audited the supplier to evaluate their freely chosen employment management system and performance, and no foreign migrant worker-related nonconformities were identified.

Communication of results

Corporate and event-related risk assessment results are communicated to senior leadership and all Supply Chain Teams. We also include this information in our public Supply Chain Human Rights Policy Statement. In addition, Supply Chain Teams communicate risks specific to particular supply chains to the senior leadership of the respective business team.

Section 6

Risk mitigation measures

After gaining information that helps us identify and analyze risk in our supply chains and operations, we identify concrete and actionable mitigation measures, assigning priority to high-risk findings, based on the severity of potential or actual impacts. These measures work to mitigate the risk of modern slavery and other human rights and environmental impacts.

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Directly contracted supply base	29
Extended supply chain	30

- ✅ NTA 2022
- ✅ AMSA 2018
- ✅ UKMSA 2015
- ✅ CMSA 2023

Operations

Microsoft continues to prioritize prevention of risks for our employees through the following measures:

Conducting training in relevant business areas

Employees have access to Microsoft's internal employee policy statements via Microsoft's Intranet, and all employees are required to take annual training regarding Microsoft's Standards of Business Conduct, which includes Microsoft's Equal Employment Opportunity Policy, Anti-Harassment and Anti-Discrimination Policy, and Workplace Violence Policy. We also have in-country OHS programs with country-specific training. As an example, in Germany, training includes webinars on mental health, and leadership and manager training.

Implementing risk-based control measures

We comply with workplace health and safety requirements and prioritize employee safety through appropriate health and safety

measures informed by science and public health authorities.

We adopted a set of labor principles affirming the right of our employees to organize as appropriate in June 2022 and continue to maintain strong partnerships with our works councils and external trade unions.

We do not tolerate workplace discrimination or harassment, and we are committed to diversity and inclusion in the workplace. Any complaints of workplace discrimination or harassment are reviewed and acted on as appropriate under Microsoft's policies.

We pay employees in accordance with the terms and conditions of their employment agreements (or contracts) consistent with local law and comply with applicable minimum wage requirements. In most cases, Microsoft's pay is well above minimum legal requirements given the competitive talent landscape in which we operate.

Our in-house OHS programs also address local risks. As an example, we sponsor health

and safety training, occupational medical exams, risk assessments ergonomics, incident management inspections, safety and health committees, and mental health and wellbeing programs. In FY25, we will be working to implement additional OHS personnel and health and safety measures throughout our global operations.

We adopted a set of labor principles affirming the right of our employees to organize as appropriate in June 2022 and continue to maintain strong partnerships with our works councils and external trade unions.
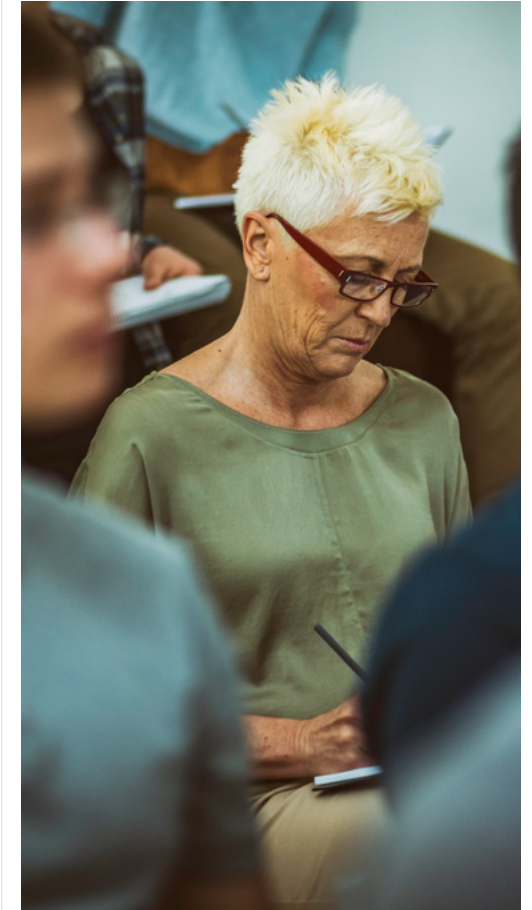
Directly contracted supply base

Microsoft employs mitigation measures to prevent and, where necessary, minimize adverse impacts among direct suppliers, including:

Integrating environmental and human rights considerations into procurement strategies

Supply Chain Teams review the performance of suppliers, including their compliance with the SCoC, and consider this information when deciding whether to begin or continue working with suppliers. For example, if a CO+I supplier were to be assessed as noncompliant with our SCoC, we would remove it from our supplier list and find alternatives. In Devices, the team runs a restriction process that informs sourcing teams where an alternate supplier source may be necessary. The SCI team also released guidance to Supply Chain Teams on reviewing procurement strategies and their impact on priority risks at supplier sites.

Evaluating suppliers before contracting

New suppliers are vetted through a prequalification process, which includes a risk assessment. We review results against relevant external benchmarks or metrics, such as industry environment and human rights risk indices, while evaluating a potential supplier's fit for our needs.

In some supplier categories, suppliers are required to complete a self-assessment questionnaire. In other high-risk supplier categories, we conduct prequalification assessments before engaging. For example, Procurement runs a risk assessment on new suppliers and conducts a thorough vetting for suppliers in high-risk countries.

Embedding compliance into contracts

Suppliers are contractually obligated to abide by Microsoft's or LinkedIn's SCoC and to cascade these requirements to their sub-tier suppliers.

Training to support compliance

All suppliers must complete the SCoC training and confirm their understanding of supplier expectations. In addition, Supply Chain Teams also deliver more supply chain risk–specific trainings.

Adhering to risk management practices

All suppliers are expected to build management systems to mitigate risks to the standards set by Microsoft in the SCoC. If suppliers do not meet expectations, they are required to correct their processes within Microsoft-mandated timelines. As an example, in the Devices supply chain, the Devices Social and Environmental Accountability Manual requires all suppliers to have a supplier responsibility program with a risk-based management system to manage their own compliance as well as the compliance of their sub-tier suppliers. Through contractual agreements, suppliers agree to be audited—a check and balance on the suppliers' system to drive continuous improvement.

Extended supply chain

In addition to addressing issues in our immediate supply chain, we mitigate risks in our extended supply chains through the following measures:

RMAP

Microsoft participates in the RMAP through the Responsible Minerals Initiative (RMI) to bolster our risk management of raw materials extraction and processing suppliers in the electronics hardware supply chain.

More information about mapping, smelters and refiners, and conflict minerals and cobalt used in Devices supply chains can be found in Microsoft's Conflict Minerals Report.

Responsible mining practices in CAHRAs

We also work beyond our direct supply chain to promote responsible mining practices in CAHRAs. We partner with multi-stakeholder groups such as the Initiative for Responsible Mining Assurance (IRMA), the Public-Private Alliance for Responsible Minerals Trade (PPA), industry organizations such as the RMI, and others.

Finally, we partner with on-the-ground organizations to solve root-cause issues underlying raw materials risks and downstream impacts of mining that affect surrounding communities. Through our leadership within RMI and IRMA, Microsoft is working to influence the future of responsible raw materials sourcing so that minerals are mined to international standards co-created by, co-governed by, and accessible to impacted communities.

> We will continue to expand our engagement with Tier 1 suppliers on sub-tier management in 2025.

Devices sub-tier supplier due diligence program

Microsoft's contracting model with directly contracted Devices suppliers has matured and increasingly requires directly contracted final assembly suppliers to procure component parts.

In light of this shift in supply chain accountability to Tier 1 suppliers, Devices has expanded its oversight and engagement with the Tier 1 suppliers to check that they have the proper management systems, skills, resources, and program maturity to take on ownership of the risk mitigation associated with their expanded supply chain.

In FY24, we introduced the following measures:

- A specialized audit of the Tier 1 suppliers' supplier management systems that evaluates how well the Tier 1 suppliers are running their Social and Environmental Accountability programs for their suppliers;

- Expanded training of supplier compliance professionals; and

- Secured supplier executive sponsorship and formalized partnerships to enable a routine reporting cadence to monitor and manage sub-tier supplier performance.

We will continue to expand our engagement with Tier 1 suppliers on sub-tier management in FY25.

Section 7

Remediation processes

Remediation is an integral part of the corporate responsibility to respect the environment and human rights, and we are committed to providing effective grievance mechanisms and access to remedies in situations where Microsoft may have caused or contributed to an adverse human rights impact. We commit to not obstructing grievance channels or remedies made accessible or provided by others, including states. We are committed to ongoing collaboration in remediation initiatives across our business activities, including with our suppliers.

When suppliers do not abide by our commitment to protect fundamental rights, we take steps to mitigate adverse impacts and correct the issues.

- NTA 2022
- AMSA 2018
- UKMSA 2015
- CMSA 2023

Directly contracted supply base

Supply Chain Teams conduct risk-based monitoring of supplier practices throughout the time we engage with the supplier. Depending on the supplier risk category, monitoring may include reviewing supplier practices through questionnaires, desk-based assessments, and/or on-site assessments. For our electronics suppliers, on-site assessments are primarily conducted by qualified third parties.

If we or a third party identifies findings against our environment and human rights standards, the relevant Supply Chain Team, in alignment with Microsoft's corporate guidance, international due diligence principles, and national or local legal requirements, will assess whether Microsoft is causing, contributing to, or directly linked to an actual or potential adverse human rights or environmental impact.

Where Microsoft has a direct contractual relationship with the supplier, we can work directly with the supplier to implement corrective action or, where required, terminate the contractual relationship. In addition to our annual policy and procedure updates, we continue to develop and implement programs and processes so all investigations and assessments of nonconformances are managed consistently and follow clear internal responsibility and escalation paths. Steps include:

- Documenting how investigations and assessments are conducted;

- Documenting how issues are identified, investigated, mitigated, and resolved; and

- Integrating new risk categories identified during investigations and supplier assessments into our annual risk reviews.

Supply Chain Teams prioritize the management and closure of nonconformances by considering numerous factors, including the likelihood of the adverse impact (confirmed, likely, possible, speculative), the severity of the adverse impact (critical, serious, major, minor), our ability to bring about change with the supplier, and whether terminating the relationship would cause adverse consequences for workers. Consistent with the OECD Due Diligence Guidelines and other relevant guidance, corrective actions include remediation plans, closure timeframes based on severity, and a business process for tracking closure.

In the event of a violation of Microsoft policies, and in line with international standards and applicable law, we work with suppliers to mitigate risks and resolve the finding. If a supplier is unable or unwilling to respect rights, supplier engagement may be restricted, suspended, or terminated, and any related products may be removed from the market. Supply Chain Teams also coordinate with each other to influence shared supplier practices.

Strengthening our processes in managing human rights impacts

In FY24, in collaboration with other Microsoft supply chain teams, CO+I formalized its process for identifying adverse human rights impacts. As part of this process, we have:

- Created procedures for handling adverse impacts leveraging Microsoft's Integrity Hotline,

- Developed a process for determining Microsoft's connection to any impacts to inform response,

- Defined process to prioritize addressing impacts identified in such cases on severity, and

- Outlined a response and remediation procedure to manage cases.

Strengthening our processes in managing human rights impacts

In FY24, Cloud Hardware implemented process improvements to review risk flags identified during supplier human rights due diligence vetting and defined standardized remediation controls based on severity of the finding. This allows mitigation controls to be applied consistently across similar risks enabling the business to better evaluate the effectiveness of controls and improve the efficiency of the risk flag review and remediation process. These process improvements have resulted in shorter timelines for addressing higher risk flag findings with suppliers and driving remediation actions to mitigate risk to closure.

Cloud Hardware implemented process improvements to review risk flags.

Devices and Cloud Hardware electronics supply chains

Microsoft monitors suppliers on a rolling basis based on risk they represent in our supply chains, and based on Microsoft's assessment, the Devices and Cloud Hardware electronics supply chains pose a higher risk for environmental and human rights impacts, meriting a deeper risk monitoring and mitigation process.

If supplier issues are found within the Devices supply chain, third-party auditors and relevant Microsoft teams review and verify supplier action plans. Suppliers must provide corrective action and remedy any findings following timelines based on severity. In an instance where a critical indicator of forced labor is found, Microsoft senior management is notified within 24 hours with a mandate that suppliers implement and contain the issue within 24 hours. The Devices team then schedules a follow-up audit in seven days to verify resolution of the issue. If the supplier cannot resolve the issue within the required timeline, the supplier will be restricted from use.

Similarly, for the Cloud Hardware supply chain, Microsoft works closely with suppliers to develop effective remediation plans to mitigate and resolve compliance gaps and track corrective actions through implementation. Assessment findings are classified by severity of issue, which determines the timeframe that suppliers have for remediation. Where a critical finding of forced labor is identified, the supplier is required to generate a remediation plan to correct the finding. The remediation plan is reviewed by the Cloud Hardware assessment team, and if the proposal is adequate, the plan is approved and the supplier must implement the corrective action within 10 days and provide evidence that the finding is promptly closed.

The top findings against our SCoC standards can be seen in the table on the right.

Devices

Finding Category	Findings Identified	Closed	Corrective Action Plan (CAP*) Accepted	Remaining, CAP in Development
Machine safeguarding	15	13	1	1
Industrial hygiene	16	13	3	0
Wages and benefits	20	10	6	4
Air emissions	23	16	5	2
Hazardous substances	24	19	4	1
Occupational safety	47	34	13	0
Emergency preparedness and response	57	32	23	2
Working hours	73	38	30	5
Labor management systems	93	40	39	14

*If Supply Chain Teams confirm that mitigation measures are necessary, teams will work with the supplier to develop a Corrective Action Plan (CAP). The CAP outlines the necessary actions and timelines to align with Microsoft's requirements. If the supplier cannot meet the requirements or timelines, as a last resort, Microsoft will take action to restrict new business or end the supplier relationship.

Cloud Hardware

Finding Category	Findings Identified	Closed	Corrective Action Plan (CAP*) Accepted	Remaining, CAP in Development
Materials restrictions	4	3	0	1
Product and packaging	4	3	0	1
Waste management	6	2	0	4
Working hours	7	6	0	1
Industrial hygiene	9	7	0	1
Freely chosen employment	13	9	0	4
Labor and human rights remediation	17	10	0	7
Labor and human rights detection and analysis	25	16	3	6
Health and safety hazard identification and exposure prevention	28	21	0	7
Resiliency governance	35	23	3	9

In FY24, in the category of freely chosen employment, no forced labor was found in the Devices and Cloud Hardware electronics supply chain, the supplier categories statistically at the highest risk for forced labor. We identified certain findings of risk indicators against Microsoft policies, including:

Finding Category	Number	Resolution
Abuse of vulnerability	6	5 closed, 1 CAP in development
Prohibited recruitment fees	13	8 closed, 1 CAP reviewed, 4 CAP in development
Personal loans with required bond period and repayment	4	1 closed, 2 CAP reviewed, 1 CAP in development

In cases where our assessment findings determined that a factory employee paid recruitment or employment fees, we require those suppliers to immediately repay employees based on local law and Microsoft requirements. In FY24, Devices suppliers took immediate action and repaid $66,939 in recruitment fees to 2,216 supplier employees.

Analysis of findings

Microsoft supply chain teams review audit findings on a regular basis to determine if additional measures are needed to prevent risks from occurring or whether standards in place are effective in managing risks. Examples from Microsoft's Devices and Cloud Hardware supply chains are detailed here, describing the process, the results, and the implications of such interventions.

Devices

Audit findings are analyzed by a team of subject matter experts who then determine whether new interventions or capacity building is needed with suppliers. The team also reviews contractual language and internal and external training to determine whether our standards and expectations are communicated well to suppliers, reducing ambiguity or misunderstanding. This has resulted in fewer findings in the risk areas overall, as we equip our suppliers to manage their risks more effectively.

Cloud Hardware

The Cloud Hardware Advanced Security and Risk Architecture framework defines the governance structure of the Cloud Hardware program. Data elements such as assessment findings and remediations, category-specific risk intelligence, and internal and external management controls are all inputs to a quarterly risk assessment cycle, out of which new and emerging risks are identified, rated, and actioned including identifying the need for additional measures. In addition to quantifying the control effectiveness numerically, qualitative data is collected from internal and external stakeholders to determine clarity, applicability, and effectiveness of controls. This is just one way of identifying the need for adjustments to existing prevention measures and new or revised requirements. Continuously reviewing our controls allows us to improve our risk management effectiveness, and supplier compliance across our network.

Microsoft supply chain teams review audit findings on a regular basis to determine if additional measures are needed to prevent risks from occurring or whether standards in place are effective in managing risks.

Unresolved findings

Although Microsoft works across our supply chains to uphold standards, the control of working hours in the electronics supply chain remains a complex and often systemic challenge that requires long-term corrective action engagement with our suppliers responsible for the employment relationship. In order to mitigate adverse impacts on workers' health and safety, Microsoft requires suppliers to establish a robust system to monitor the trends of working hours, promptly address reports of extreme working hours that may harm employees' health within 30 days, and remain within legal limits.

> Long-term failure will result in escalation of the matter for prompt and effective action.

Devices conducts follow-up audits to check on the effectiveness of suppliers' working hours control systems, including the control of extreme working hours, and to monitor overall trends. Long-term failure by a supplier to implement working hour control systems will result in escalation of the matter for prompt and effective action, and can result in supplier termination, in accordance with Microsoft policies.

We've also had two instances in the Cloud Hardware supply chain where suppliers did not respond timely or constructively to assessment findings. The Cloud Hardware team worked over several weeks to accommodate extensions in timelines, as requested by the suppliers. However, once it became apparent that the supplier was not demonstrating commitment to contractual expectations set out in our Supplier Code of Conduct, sourcing senior management was informed of the supplier's noncompliant status. The suppliers were immediately restricted from new sourcing opportunities and will be transitioned out of the supply chain.

Extended supply chain

All directly contracted Devices suppliers with a spend greater than one hundred dollars ($100) in a calendar year are required to report the upstream sources (smelting or refining facilities) of our prioritized raw materials (gold, tantalum, tin, tungsten, cobalt, aluminum, copper, gallium, lithium, nickel, germanium, graphite, rare earth elements, and silicon).

Our suppliers are contractually required to source from smelters and refiners that participate in and are conformant to RMAP audits or an equivalent independent, third-party audit program. We conduct routine reviews to assess the reported upstream facilities' conformance to RMAP or other equivalent audit protocol. If any nonconformant or nonparticipating smelters or refiners are identified, we work with our suppliers and industry peers to bring the facility into conformance with RMAP or other equivalent audit protocol. In cases where the smelters are not willing or able to become conformant, we work with suppliers to remove the facility from our supply chain.

Any suppliers found to be sourcing from nonconformant smelters are flagged with a "Major" level nonconformance to Microsoft's responsible sourcing policy. These suppliers are immediately given notice of the finding and are asked to either work to bring the smelter back into conformance or to remove the smelter from their supply chain. Suppliers are asked to provide updates on their planned next steps within a week of the notice and expected to close out the issue within 60 days.

Suppliers who fail to submit raw materials sourcing data to Microsoft are also issued with a "Major" level nonconformance. These cases are escalated to the highest levels of sourcing leadership, and the nonconformance is represented on supplier quarterly business review scorecards until the issue is closed. In extremely high-risk cases, we reserve the right to terminate business relationships with suppliers who refuse to take corrective action to address nonconformances in their upstream supply chains.

Section 8

Grievance mechanisms

We regularly assess our supply chains to identify potential issues, and have built systems that enable Microsoft employees, partners, supplier workers, and others to raise concerns safely and anonymously. Anyone who seeks to raise a grievance or seeks remediation from Microsoft regarding our human rights performance may do so in the following confidential ways, available in multiple languages.

Corporate Reporting Channels	**39**
Workers' Voice Hotline	**40**
LinkedIn Helpline	**41**

- ✓ NTA 2022
- ✓ AMSA 2018
- ✓ UKMSA 2015
- ✓ CMSA 2023

Corporate Reporting Channels

Microsoft offers several publicly available channels through which anyone can raise concerns, including grievances, about potential violations of law, Microsoft codes of conduct, and Microsoft policies.

Information about these several channels is available online at www.microsoftintegrity.com. These channels are open to all employees, external parties, workers, and worker representatives in our supply chains, communities in the vicinity of Microsoft sites, suppliers, and any other interested stakeholders or persons. The channels include:

- An international, or in some countries local, toll-free phone number, which operates all day, every day, and offers support in multiple languages;

- An online portal, which is available in several languages and provides for anonymous reporting; and

- Submission by email, fax, or mail, as directed on www.microsoftintegrity.com.

Microsoft also encourages our employees and external parties to raise concerns with any member of Microsoft management, local or corporate Human Resources, Finance, or CELA. These groups are trained to relay concerns through the reporting channels noted above.

Microsoft's Compliance & Ethics ("C&E") team oversees the processing of reports received through these channels. Depending on the nature of the report, C&E may triage and process them in several ways:

- Reports concerning potential violations of law or Microsoft policies are referred to C&E's Business and Regulatory Investigations team;

- Requests for guidance on compliance with policies or law are referred to relevant teams within C&E or other teams in CELA;

- Reports concerning employee workplace conduct are referred to C&E's Workplace Investigations team;

- Reports concerning supply chains are referred to the Supply Chain Integrity team and then actioned by appropriate supply chain teams; or

- Reports concerning matters out of scope for C&E, such as those that relate to human resources, privacy, or other types of legal matters, are referred to other Microsoft organizations.

All reports are acknowledged and addressed through a Microsoft internal process. This process contains several safeguards to protect reporter confidentiality. These include the availability of anonymous reporting, limitations on persons engaged in grievance reporting to only those with a "need to know," and protections against information disclosure.

Workers' Voice Hotline

In addition to the reporting channels described above, Devices operates its own grievance mechanism to enhance the reach of our grievance mechanisms to workers at our manufacturing facilities. This provides an additional opportunity to get insights on supplier performance in the electronics supply chain.

Devices maintains a Workers' Voice Hotline and a complaints resolution protocol that are anchored on the UN Guiding Principles on Business and Human Rights, the Worker Engagement Supported by Technology (WEST) Principles, and the RBA Code of Conduct. All grievances coming through the Corporate Integrity Hotline that concern the Devices supply chain are addressed through this procedure.

The Workers' Voice Hotline rules of procedure are communicated to suppliers through training, posters displayed on the work floors, and information cards distributed to workers in a simple and comprehensible language workers can understand.

Supplier workers can make hotline complaints anonymously. Third-party operators are trained to maintain confidentiality by protecting a reporter's identity and any information that could reveal their identity. The third-party organization follows up on reports to verify the resolution of the case, ask about workers' satisfaction with the results, and check whether any

retaliation has occurred because of the complaint. In addition, a worker survey is conducted annually to understand reporters' feedback on the effectiveness of the program. Microsoft program managers monitor the case-handling process to confirm these principles are followed.

In FY24, 100% of Microsoft-assessed factories in China and all our Tier 1 factories in non-China areas had access to the Workers' Voice Hotline, covering 159 hardware final assembly and strategic component manufacturing supplier factories.

Third-party operators are trained to maintain confidentiality by protecting a reporter's identity.
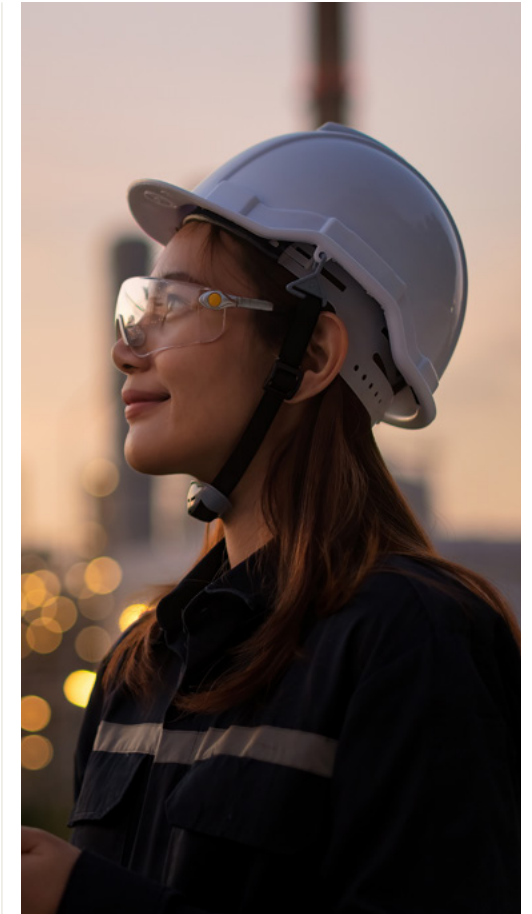
LinkedIn Helpline

Additionally, LinkedIn operates an anonymous Helpline as a separate grievance mechanism for its business. Employees, suppliers, and the public can submit a complaint at any time.

Employees can also make a report through managers, HR Business Partners, the Global Compliance and Integrity inbox, and/or the Employee Relations inbox. LinkedIn's Speak Up policy and other relevant policies are publicly available on its Customer Portal and its Supplier Portal.

Managers are expected to encourage employees to raise concerns, act impartially, respond respectfully to concerns, take reports seriously, and make every effort to maintain the confidentiality of the person reporting so that they are not subject to retaliation or reprisal. LinkedIn provides mandatory training to managers to reinforce these norms.

Corporate Integrity Hotline

- Available in multiple languages to all employees and external parties to call in, email, fax, mail, or submit a report about potential violations of law and policy

Devices Workers' Hotline

- Allows supplier workers to anonymously report complaints

- Rules of procedure communicated to suppliers by training, posted on the work floors, distributed via information cards, and shared in a language workers can understand

LinkedIn's Helpline

- Provides an anonymous helpline for any employee, supplier, or the general public to submit a complaint

- Employees are able to file complaints in multiple ways and at any time

Section 9

Effectiveness measures

Microsoft continually evaluates risks throughout its operations; adopts policies, practices, and procedures to address such risks; and then evaluates the effectiveness of those measures through the normal course of its business.

- ✅ NTA 2022
- ✅ AMSA 2018
- ✅ UKMSA 2015
- ✅ CMSA 2023

Effectiveness is checked against performance indicators and other metrics established by the business units responsible for safeguarding against these risks. Our Supply Chain Teams are expected to review the effectiveness of their risk mitigation processes at least yearly and make any necessary changes to continuously improve.

We are building cross-company strategies to assess effectiveness and the maturity of Microsoft's supply chain programs covering resources and expertise, risk analysis and prioritization, preventive and remedial measures, grievance mechanisms, and documentation. For example, SCI developed scorecards to identify progress in supply chain due diligence maturity and coordinates to share best practices across all Supply Chain Teams. Additionally, we track the internal training of employees focusing on supply chain due diligence and the complaints received through our grievance mechanisms. In FY24, SCI launched the Digital Resource Kits program to provide

deep dives on supply chain due diligence topical areas for supply chain teams. This included checking for the effectiveness of our internal processes.

As we extend and expand our employee human rights and OHS programs, we will continue to integrate effectiveness checks into our systems toward the goal of continuous improvement.

In 2024

SCI launched the Digital Resource Kits program to provide deep dives on supply chain due diligence topical areas for supply chain teams.

Section 10

Internal and external training

Microsoft expects all directly contracted suppliers to complete the SCoC training and confirm their understanding of supplier expectations. In addition, Supply Chain Teams conduct supplemental training of suppliers.

- ✓ NTA 2022
- ✓ AMSA 2018
- ✓ UKMSA 2015
- ✓ CMSA 2023

In Devices, the Social and Environmental Accountability (SEA) Academy Program educates suppliers and Microsoft employees to prevent modern slavery and other impacts, and to continuously improve working conditions.

In addition, we provide internal training to all Microsoft staff who manage supply chain risks. In FY24, SCI launched the Digital Resource Kits program to provide deep-dive supply chain due diligence training for supply chain teams on key topics, including effectiveness measures and grievance mechanisms. SCI has built a library of Digital Resource Kit trainings, which are made available to current Microsoft Supply Chain Teams and support the onboarding or professional development of new employees. Supply Chain Teams also regularly train and collaborate with other teams within Microsoft, including Sourcing and Procurement, Trade, Legal, and others.

Section 11

Microsoft external engagements

Modern slavery in its various forms is a global, systemic issue. No one organization or solution alone can address these problems' complex roots and far-reaching effects. Worldwide, networks of organizations combating modern slavery are making progress. A combination of technology, targeted funding, employee volunteerism, and internationally coordinated efforts is making a difference in individual lives, communities, and society at large.

AMSA 2018

Our work fits into this vital effort. We engage with several multi-stakeholder initiatives to prevent modern slavery and strive to empower other organizations and individuals to lend a hand in this fight. These efforts include:

Global Battery Alliance (GBA)

We support this public-private platform of organizations, founded to help establish a sustainable battery value chain and to leverage technology to increase the traceability of battery materials throughout the supply chain.

Initiative for Responsible Mining Assurance (IRMA)

We work with IRMA to develop standards for socially and environmentally responsible industrial mining and promote responsible mining practices in CAHRAs. This standard, which is used to assess mining sites globally, is an internationally recognized standard developed in consultation with a wide range of stakeholders, including downstream purchasers, industry associations, labor unions, mining-affected communities, nongovernmental organizations, and mining companies.

Microsoft has helped shaped IRMA's long-term strategy through our Board-level

A combination of technology, targeted funding, employee volunteerism, and internationally coordinated efforts are making a difference in individual lives, communities, and society at large.

engagement over the last three years, while also supporting IRMA's development of a Chain of Custody Standard, which helps enable Microsoft's long-term traceability strategy and address upstream structural challenges such as supplier visibility and chain of custody in our supply chains.

Missing Children Society of Canada (MCSC)

MCSC, Microsoft, and ESRI are leveraging technology to aid police and families in active searches for missing children across the country. These children are in danger of exposure to high-risk activities, including human trafficking and forced labor. The public can use the MCSC web app to access information about missing children in Canada, sign up for SMS text alerts about new cases in their area, and offer tips about existing cases, all to help find missing children faster.

National Center for Missing and Exploited Children (NCMEC)

NCMEC is the U.S. clearinghouse and comprehensive reporting center for the prevention of, and recovery from, child victimization, including abduction, abuse, and exploitation. The public and electronic service providers can use NCMEC's CyberTipline to report online enticement of children for sexual acts and child exploitation material.

Microsoft has donated the Azure service PhotoDNA to the NCMEC and to qualified organizations, including technology companies, developers, and nonprofit organizations, for the purpose of combating child exploitation. We have also provided PhotoDNA for free to law enforcement, primarily to forensic tool developers.

In addition, we are actively involved in the following organizations to develop due diligence standards and increase transparency around human rights and environmental impacts:

Public-Private Alliance for Responsible Minerals Trade (PPA)

We work with PPA, a multi-sector initiative, to support projects in the Democratic Republic of Congo (DRC) and the surrounding Great Lakes Region of Central Africa (GLR), to improve due diligence and governance systems.

Microsoft employees engage in skills-based volunteering for initiatives fighting modern slavery and human trafficking. Additionally, we donate technology and expertise to help nonprofits and other organizations create new, innovative solutions to scale impact and help individuals. The global community must tackle this entrenched challenge together, and Microsoft and its employees are committed to acting and making progress to increase transparency and protect fundamental rights.

Project Trafficking Interruption Resource Agent (TIRA)

Project TIRA offers advocates and survivors of human trafficking an accurate and real-time view of the available resources that can meet their unique needs. TIRA leverages Microsoft's Azure Bot Services with text-based mobile interaction so survivors and allies can easily connect to available services. TIRA also leverages Azure Defender for Cloud to keep sensitive data secure—a significant concern for this vulnerable population. TIRA provides an easy-to-navigate search function to allow advocates to quickly find services for their clients. To date, TIRA has onboarded 117 service provider organizations and 147 service offerings, including services to find shelter, mental health services, childcare services, and job training.

Responsible Business Alliance (RBA)

We actively engage with RBA to understand and influence best practices in responsible sourcing across the manufacturing industry. In FY24, Microsoft became an RBA board member and will help lead RBA's strategic planning efforts. Over the many areas we are working on with the RBA, the development of audit standards for Procurement supplier categories is one that is a priority for Microsoft in the coming fiscal year.

Responsible Minerals Initiative (RMI)

Microsoft supports RMI in its work to improve standards and transparency across global minerals supply chains, and we require active smelter and refiner participation in the Responsible Minerals Assurance Process (RMAP), which uses an independent third-party assessment of smelter/refiner management systems and sourcing practices to validate conformance with RMAP standards.

Microsoft and Project TIRA help connect survivors to needed services

One of Project TIRA's stakeholders and partners, the National Trafficking Sheltered Alliance (NTSA), has seen an immediate impact with this new technology. The NTSA is a network of service providers for survivors of human trafficking. Prior to TIRA, it had been using a manual system to process residential services for survivors of human trafficking, taking an average of 14 days to get survivors the services they need.

TIRA now helps NTSA's small team improve the accuracy and speed of its referrals, and that survivors are referred to the services that are ready to assist them.

"Using TIRA for our referral system has taken a huge weight off our team," says Rachel Karper, Director of Programs & Operations for NTSA. "We have so much hope now for how we can serve survivors better and in ways that are more empowering."

Street Grace

Microsoft employees volunteer at periodic and annual hackathon events to support Street Grace and its national Transaction Intercept initiative, a platform working to disrupt the trafficking of minors. The software-as-a-service (SaaS) platform enables law enforcement, nonprofits, research groups, and universities to leverage AI technologies at scale to identify potential buyers, confirm intent to purchase a minor, and communicate back the risks and consequences of the potential buyer's actions. Microsoft's support comes through employee skill-based volunteering and grants to use Azure Cognitive Services, Cosmos DB, Web Apps, and Azure Functions. Since its soft launch in April 2024, the platform has intercepted 12,000+ transactions and identified 9,600+ potential suspects.

Tech Against Trafficking (TAT)

Microsoft is a founding member of TAT, a coalition of technology companies working with civil society organizations to help combat human trafficking and increase survivors' access to resources.

Through the TAT accelerator program, Microsoft has partnered with a range of organizations to create advanced research technologies supporting evidence-based decision-making and policy. These include new approaches to safely share case data (with UN International Organization for Migration and the Counter-Trafficking Data Collaborative, 2019), detect hidden patterns in time-varying data streams (with Unseen United Kingdom and Seattle Against Slavery, 2021), and use generative AI to detect and report on data insights (with Issara Institute and Polaris, 2023).

We have also participated in TAT's steering committee, provided technology expertise to anti-trafficking NGOs, developed an interactive map of anti-trafficking technology tools, and supported policy engagement with government audiences, including testifying at two United States Congressional hearings.

Three organizations working against human trafficking with Microsoft and TAT

Microsoft is proud to have been involved with the following three TAT partner organizations:

Issara Institute

The Issara Institute started working with the Microsoft Research team in late 2022, with the goal of expanding and improving the data insights that we and our grassroots partners were getting from our worker voice channels, which capture worker-reported labor abuses reported from thousands of workers each month across Asia, MENA, and even occasionally Europe and the Americas, so that they can be responded to and remediated in a timely manner.

"The emergence of generative AI in 2023 was an unexpected development and opportunity which Microsoft Research helped us to understand and leverage as we co-created tools tailored for the frontline anti-trafficking community," says Lisa Rende Taylor, Founder and Executive Director for Issara Institute. "We would never ever have access to such bespoke, practical tools without Microsoft Research."

International Organization for Migration (IOM)

The International Organization for Migration (IOM) and Microsoft have collaborated since the TAT 2019 Accelerator Program to protect the safety and privacy of victims and survivors. IOM has leveraged Microsoft's differential privacy approach to generate and publish three synthetic datasets on its Counter-Trafficking Data Collaborative. The latest synthetic data represents more than 206,000 victims and survivors of trafficking identified across 190 countries and territories from 2002 to 2022.

"Data privacy is critical when working with vulnerable populations," says Rosilyne Borland, Head ad interim, Migrant Protection Unit (MPX) Protection Division, for IOM. "Microsoft's technology has enabled us to share sensitive data safely and responsibly and inform scalable responses against human trafficking and other human rights violations."

Polaris

Polaris (formerly Polaris Project) reshapes systems that enable sex and labor trafficking and runs the National Human Trafficking Hotline.

206,000 victims

and survivors of trafficking identified across 190 countries and territories from 2002 to 2022.

The path forward and ongoing commitments

Microsoft recognizes our responsibility to respect human rights. We remain committed to supply chain integrity in our corporate and subsidiary operations, and in our global supply chains. Going forward, we commit to the following actions:

✓ We will continue to improve and enhance existing governance, risk assessment, and due diligence activities, policies, programs, trainings, and tools across the company to mitigate and prevent the risk of human rights and environmental impacts in our operations and our supply chains.

✓ We will continue to enhance Microsoft's supplier engagement and compliance on topics related to human rights and environmental issues through supplier forums, webinars, trainings, and resources for internal and external stakeholders.

✓ We will deepen our engagement with relevant industry groups and external stakeholders to define and improve industry best practices and build supplier awareness of appropriate remediation actions.

✓ We will promote collaboration, information sharing, and benchmarking across Microsoft so that human rights risks are assessed in a consistent manner and to mitigate associated risks in our operations and business supply chains.

✓ We will contribute to technical and philanthropic efforts and develop and use technology to address the root causes of human rights and environmental issues.

✓ We will evolve our corporate policies and procedures to reflect changes in international human rights law, including a declaration by the United Nations Human Rights Council that access to a clear and healthy environment is a basic human right.

Microsoft acknowledges that, given the diversity and complexity of local conditions and laws worldwide and the number of stakeholders involved in modern supply chains, we can always benefit from additional input and perspectives, and we invite all readers of this Statement to engage with us to help improve our implementation and performance.

→ **For more information on our efforts, please visit: www.microsoft.com/csr**

Annex 1: Our reporting entities

Microsoft is submitting this Statement on behalf of these Microsoft subsidiaries because they use the same Microsoft corporate policies and processes and employ the supply chains described in the Corporate and Procurement Structure section above. This report is aligned with and follows the structure of the German Supply Chain Due Diligence Act (LkSG).

Law	Covered subsidiary
United Kingdom (UK) Modern Slavery Act	Microsoft Limited (Ltd) Microsoft Research Ltd MSFT MCIO Ltd Metaswitch Networks Ltd LinkedIn Technology UK Ltd GitHub Software UK Ltd
Australian Modern Slavery Act	Microsoft Pty Ltd Microsoft Australia Holdings Pty Ltd Microsoft Datacenter (Australia) Pty Ltd LinkedIn Singapore Pte Ltd (Australia Branch office)

Law	Covered subsidiary
Canada Fighting Against Forced Labour and Child Labour in Supply Chains Act	Microsoft Corporation (U.S.) Microsoft Retail Store Canada Inc Microsoft Canada Inc 3288212 Nova Scotia Ltd Microsoft Canada Development Center Co. LinkedIn Technology Canada Inc
Norway Transparency Act	Microsoft Norge AS Microsoft Datacenter Norway AS Microsoft Development Center Norway AS

Annex 2: Mapping of sections to laws

	Norwegian Transparency Act 2022 (NTA 2022)	Australian Modern Slavery Act 2018 (AMSA 2018)	UK Modern Slavery Act 2015 (UKMSA 2015)	Canada Modern Slavery Act 2023 (CMSA 2023)
Board of Directors' approval	✓	✓	✓	✓
Microsoft's approach: Structure, business, and supply chains	✓	✓	✓	✓
Risk management oversight and management responsibility	✓	✓		
Fundamental rights policies	✓	✓	✓	✓
Stakeholder engagement	✓			
Embedding fundamental rights strategy and risk assessments	✓	✓	✓	✓
Risk mitigation measures	✓	✓	✓	✓
Remediation processes	✓	✓	✓	✓
Grievance mechanisms	✓	✓	✓	✓
Effectiveness measures	✓	✓	✓	✓
Internal and external training	✓	✓	✓	✓
Microsoft external engagements		✓		
The path forward and ongoing commitments	✓			
Annex 1: Our Reporting Entities	✓	✓	✓	✓

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