Microsoft Supply Chain Human Rights Policy Statement

Our responsibility

Respecting human rights is a core value of Microsoft, and we operationalize human rights in our business and technologies. Visit the Microsoft Global Human Rights Statement to learn more about Microsoft’s overall commitment to human rights and our foundational principles.

As part of Microsoft’s ongoing commitment to safeguarding respect for the environment and human rights in its supply chain, Microsoft established the Supply Chain Integrity (SCI) Team. SCI exists within the Corporate, External, and Legal Affairs (CELA) Technology for Fundamental Rights (TFR) organization. It is responsible for the company’s overarching 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. Using the Microsoft Global Human Rights Statement as our foundation, this Microsoft Supply Chain Human Rights Statement (“Statement”) communicates and provides transparency on additional risk management and mitigation measures relevant to our corporate and subsidiary operations and our global supply chains.

Our approach to risk management

Our approach to supply chain due diligence risk management is organized pursuant to the six steps of the OECD Due Diligence Guidance for Responsible Business Conduct: (1) commit and embed human rights; (2) identify and assess risks; (3) cease, prevent or mitigate adverse impacts; (4) monitor performance; (5) communicate progress; and (6) provide remediation.

Microsoft partners with its third-party vendors to conduct an annual assessment of risks in our supply chain, including environmental and human rights risk identification and prioritization for all Microsoft supplier categories. This process considers criteria such as country environmental and human rights risk and supplier sectoral risk to determine our supply chain human rights risk profiles. The outcomes of these assessments are used to prioritize where we focus risk monitoring, mitigation and remediation efforts. Through Microsoft’s most recent risk assessment in August 2023, we have identified the following priority human rights and environmental-related risks: forced labor, workplace health and safety risks, excessive overtime, threats to community health and wellbeing (including as it relates to land use and property rights, particularly for local communities and indigenous peoples), freedom of association, discrimination and harassment, corruption, low wages, and child labor. These risks remain the same as the previous year.
Our mitigation measures

Microsoft's risk-based approach means we apply tighter controls where risks are highest, and the highest risk supplier categories are audited and monitored. We leverage industry frameworks such as the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI) to define standards for our supplier community, and our supplier expectations are defined in the Microsoft Supplier Code of Conduct. All Microsoft suppliers are contractually bound to these terms, attend the Supplier Code of Conduct training and attest their understanding of the expectations. If suppliers are unable to meet our standards, Microsoft will work with them to correct the issue, and may terminate the supplier relationship if standards cannot be met through corrective action efforts. Our Business Units also have risk management programs in place and are in the process of implementing a unified risk-based corporate framework to standardize practices for supplier categories. Programs cover key risks areas included in Annex A.

Our commitment to remediation

Remedy is an integral part of the corporate responsibility to respect human rights, and we are committed to providing effective grievance mechanisms and access to remedy in situations where Microsoft may have caused, contributed to, or otherwise been directly linked with an adverse human rights or environmental impact. Microsoft has adopted a comprehensive approach to creating grievance channels and managing reports related to human rights and environmental risks. We cascade grievance requirements through our Supplier Code of Conduct to first-tier and sub-tier suppliers. All reported grievances are tracked, investigated and used to improve our supplier processes and programs. You can learn more about our publicly accessible grievance channels and remediation measures in our Microsoft Global Human Rights Statement. In addition to the channels listed in the statement, LinkedIn operates the LinkedIn Integrity Helpline.

Holding ourselves accountable

Microsoft conducts annual reviews of our supply chain due diligence program to assess program effectiveness and incorporate lessons learned. Findings of our annual review are reported to Senior Management.
ANNEX A

Risk areas in scope but not limited to the following:

Environment
- Water, air, noise, non-hazardous waste compliance
- Harmful pollution that impairs human rights and other ecosystem or land degradation
- Use of mercury pursuant to the Minamata Convention on Mercury ("Minamata Convention")
- Production and use of persistent organic pollutants under the Stockholm Convention on Persistent Organic Pollutants ("Stockholm Convention")
- Improper handling, collection, storage, transport, and disposal of waste pursuant to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal ("Basel Convention")
- Unsafe levels of hazardous materials in products or services
- Sustainability as it relates to carbon emission management, waste and water circularity

Health and Safety covering all general occupational health and safety issues as it relates to safe working conditions.

Human Rights
- Labor-related rights protected under the International Labor Organization’s fundamental conventions, economic and social rights as defined under the International Covenant on Economic, Social and Cultural Rights, and civil and political rights defined under the International Covenant on Civil and Political Rights, including:
  - Child labor
  - Forced labor, modern slavery, and human trafficking
  - Freedom of association, right to join a trade union, and right to bargain collectively
  - Non-discrimination (including equal pay), harassment (including sexual harassment and other gender-based violence), and retaliation
  - Equal rights of men and women to the enjoyment of economic, social, and cultural rights
  - Right to just and favorable conditions of work
  - Adequate standard of living, including adequate food and right to health
  - Minority rights
  - Self-determination, physical integrity and individual liberty, including freedom of movement, thought, conscience, religion, speech, family rights, nationality, and privacy
  - Right to life and freedom from torture and slavery, liberty, security, and freedom from arbitrary arrest and detention
  - Political participation and the right to vote
  - Wage payment, including minimum wage and overtime
- Use of security forces that results in torture, inhumane or degrading treatment, bodily harm, or limitation on freedom of association
- Living wage
- Raw materials
- Failure to engage with Indigenous populations impacted by a company’s activities
- Retaliating against human rights defenders
- Unlawful eviction and taking of land, forests, and water
- Land degradation and pollution that negatively impact human rights