Microsoft

Racial Equity Initiative: Three Year Report

We are committed to addressing racial injustice and inequity for Black and African American people in the United States and to helping improve lived experiences at Microsoft, in employees' communities, and beyond.

Microsoft's Racial Equity Initiative

In June 2020, we outlined a series of commitments designed to address the racial injustice and inequity experienced by racial and ethnic minorities in the US, including Black and African American communities.

With input and feedback from employees and community leaders, we developed a series of steps to help meaningfully improve the lived experience at Microsoft and promote change in the communities where we live and work. Our Racial Equity Initiative focuses on three multiyear pillars, each containing actions and progress we expect to make or exceed by 2025.
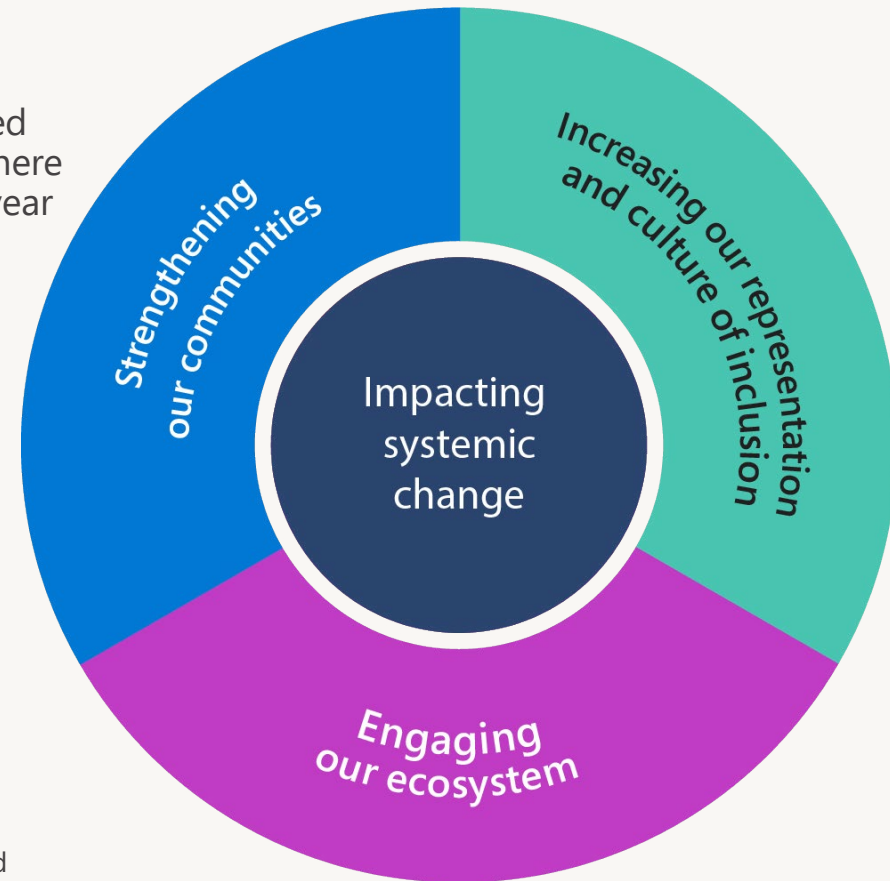
Strengthening our communities
Using data, technology, and partnerships to help improve the lives of Black and African American people in the United States, including our employees and their communities.

Engaging our ecosystem
Using our balance sheet and relationships with suppliers and partners to foster societal change and create new opportunity.

Increasing representation and strengthening inclusion
Building on our momentum, adding a $150M investment to strengthen inclusion and double the number of Black, African American, Hispanic, and Latinx leaders in the United States by 2025.

Impacting systemic change

Strengthening our communities

Increasing our representation and culture of inclusion

Engaging our ecosystem

Strengthening our communities

Justice reform

To empower communities and advance racial equity and fairness in the justice system, our Justice Reform Initiative has **more than 125 distinct partnerships** with **103 unique organizations** serving **165 different cities and counties** across the US. Our Catalyst Grant Program, coordinated in partnership with the Urban Institute, and our strategic partnerships support organizations using data and technology to prevent unnecessary justice system involvement and eliminate racial disparities in policing and prosecution practices.

As a result of policy and practice changes implemented following the death of George Floyd, we're seeing traction in places like Ramsey County, Minnesota, where analysis shows that reducing traffic stops based solely on certain equipment or registration infractions led to a reduction in racial disproportionalities.

Broadband

Access to high-speed internet and meaningful connectivity is a fundamental right, and the Airband Initiative aims to ensure that everyone has access to technology enabled by broadband. In 2020, we expanded our remit to address the digital divide—the chasm between those connected and not connected to broadband—**in eight cities where persistent adoption gaps exist for racial and ethnic minorities, particularly for Black and African American people.**

We now have partnerships and projects driving adoption of affordable broadband services, computing devices, and digital literacy training across 14 geographies, including 11 cities and three states in the Black Rural South. To date, refurbished device partners have distributed **more than 50,000 affordable computing devices**.

With advocacy from many across the industry, including nonprofit partners Common Sense Media, and Public Knowledge, Congress passed the Computers for Veterans and Students (COVS) Act, which will increase access to affordable refurbished devices. Using the power of Microsoft's data and technology, our new Digital Equity Data Dashboard enables policymakers to identify broadband gaps and target public investments for communities most in need, including state broadband offices such as Louisiana ("Connect Louisiana").

New federal infrastructure funding presents unprecedented opportunity to address the digital divide, which disproportionately impacts Black and African American people, and enable meaningful participation in the digital economy. Leaning into new public funds to address affordability, Airband collaborated with Communications Workers of America alongside Microsoft employees and partners to implement a five-city event series titled "Get Connected," to increase awareness and enrollment in the FCC's Affordable Connectivity Program (ACP).

Airband Initiative

● *City coverage* ■ *State coverage*
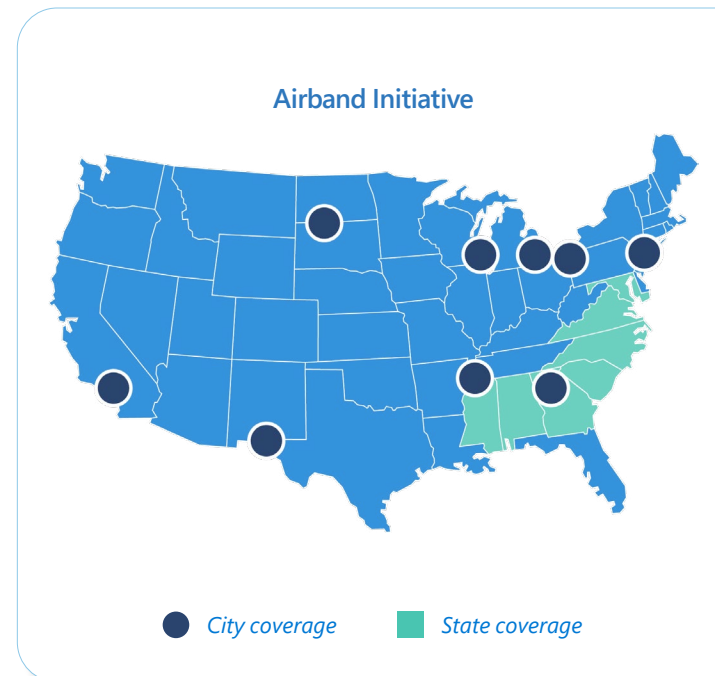
Strengthening our communities

Microsoft partnered to support digital transformation at the Howard University Chadwick A. Boseman College of Fine Arts, where Phylicia Rashad serves as dean.

Skills and education

Historically Black Colleges and Universities

We have given **$10M** to **18 HBCUs** and associations, largely unrestricted gifts, to support curriculum development, student scholarships and mentoring, faculty training, and virtual learning.

Nonprofits

We grew our Nonprofit Tech Acceleration for Black and African American Communities program, which uses data, technology, and partnerships to help **more than 2,000 local organizations** modernize and streamline operations with technical solutions, including licenses, discounts, implementation consulting, and concierge services spanning **more than 1,700 Black and African American communities**.

We are in our third year of programming for **50 nonprofit** workforce development and digital skilling groups led by and serving Black and African American communities accounting for **$15M in grants**, capacity-building support, and tech enablement services that have reached **over 30,000 people**.

TEALS

Our Technology Education and Learning Support (TEALS) program expanded access to computer science education in nearly **400 schools** across **21 racial equity expansion regions,** providing computer science education to high school students with the support of more than **8 percent more than 1,300 volunteers** identifying as Black and African American for the 2022-2023 school year. TEALS is projected to have a cumulative impact of **over 500 schools** by fall 2023.

*Microsoft was recognized again this year as one of the **2023 Top Supporters of Historically Black College and Universities' Engineering Schools** for our support of HBCUs in partnership with Advancing Minorities' Interest in Engineering (AMIE).*

Engaging our ecosystem

Banking

We have **exceeded our goal** of increasing the percentage of transaction volumes through Black and African American-owned financial institutions by **more than double prior levels** from 2020. We are also **increasing investment activity** with Black and African American-owned asset managers, which now represent **45 percent** of our external manager group.

In addition, we have met our goals of creating a $100M program focused on mission-driven banks including:

- A **$5M** Entrepreneur Backed Asset Fund **commitment** to increase capital to Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs).

- A **$20M commitment** into the Southern Opportunity and Resilience Fund, supporting Mission Driven Banks (MDI/CDFIs) across the South and Southeast states.

- A **$75M commitment** in the Mission Driven Bank Fund. In December, we announced the fund manager for the MDBF, which will be a source of flexible and permanent capital where MDI/CDFIs can request capital for custom solutions, directly enabling an increase of funds into local communities where it is needed most.

Capital

We committed **$50M** to create an investment fund focused on supporting Black and African American-owned small businesses. This fund consists of **$25M** to the Clear Vision Impact Fund with Siebert Williams Shank, which will invest in small and medium-sized minority-owned companies; **$20M** with BlackRock Liquid Federal Trust Fund (BLFT) created in partnership with the Thurgood Marshall College Fund, which uses a portion of its revenue to fund scholarships at HBCUs; and **$5M** in the Morgan Stanley Next Level Fund supporting early-stage VC funding to companies with diverse or women founders.

$100M Focused on mission-driven banks	$50M to support Black and African American-owned small businesses
$5M to the Entrepreneur Backed Asset Fund	$5M to the Morgan Stanley Next Level Fund
$20M to the Southern Opportunity & Resilience Fund	$20M to the BlackRock Liquid Federal Trust Fund (BLFT)
$75M to the Mission Driven Bank Fund	$25M to the Clear Vision Impact Fund with Siebert Williams Shank

Engaging our ecosystem

Suppliers

Since the inception of the Racial Equity Initiative, we have remained focused on delivering impact to the community. **We have achieved our goal of increasing spend by $500M** with Black and African American-owned suppliers. We have also **doubled our number of suppliers** since the start of the initiative.

The current macroeconomic environment has led to an overall reduction in the number of suppliers used, and we recognize our work here is not done. We remain focused on growing our utilization of Black and African American-owned suppliers to sustain our progress and strengthen the relationships we've forged over the previous three years.

AMP'D

Our AMP'D (Advocates, Mentors, Peers for Diverse Suppliers) program, which focuses on supplier mentorship, advocacy, development, and access to capital programs through our banking relationships, remains a valuable resource. The program provides business, networking, and learning opportunities to **more than 180 enrolled Black and African American-owned suppliers.** We are excited to build on these learnings and expand the program to include Hispanic and Latinx-owned suppliers and suppliers owned by people with disabilities.

Representation

We continue to invest in engaging our broader ecosystem to amplify the impact of investing in diversity and inclusion. We have **met our goal to encourage Black and African American representation progress in our top 100 suppliers with 90 percent now participating in a D&I self-assessment program.** We have launched an online community to encourage best practice-sharing and will continue to work closely with our top strategic suppliers to create additional opportunities in support of Black and African American-owned suppliers.

Training

We have launched a Microsoft-wide training program to drive awareness of inclusive buying decisions with specific actions employees can take to create a more equitable supplier ecosystem and drive our collective success.

> *Over the past few years, we've found Microsoft Procurement and AMP'D team members to be champions of Supplier Diversity who provide great guidance and internal introductions. Having a stakeholder who understands the importance of the initiative allows diverse suppliers like us to increase revenue and expand our footprint within Microsoft.*
>
> **Michael Mpare**
> *CEO | Warner Marketing Incorporated*

> *I want students to see and engage with successful Black, Hispanic, and Native American engineers and business professionals, to understand that the path they're on is worth it. When students and other diverse suppliers understand that you're a Microsoft supplier, that brings a level of respect, and it allows them to see that we have the caliber to work in this field, and we're a strong consultancy. It's immediate credibility, and we've earned it.*
>
> **Angela Troy**
> *Founder CEO | Troy Consulting*

Engaging our ecosystem

Black Partner Growth Initiative

We have increased the number of identified partners in the Black Partner Growth Initiative by **more than 250 percent, surpassing our initial goal**. We have also continued to invest in the partner community through the Black Channel Partner Alliance (BCPA) by supporting events focused on business growth, accelerators, and mentorship. This partnership has successfully supported growth in revenue, contracts, and the number of new hires for partners registered with the BCPA.

Partner Capital Fund

We continue to scale our **$50M Partner Capital Fund**, which provides working capital via low- or no-interest loans, and leverage our **$20M Partner Financing Program** to support liquidity and short-term cash flow needs. We also continue to invest in training programs covering financial management, tech solutions, and go-to-market readiness for Black and African American-owned partners. We have not yet met our commitments and will continue to scale these programs to create impact in the Black and African American partner community.

Increasing representation and strengthening a culture of inclusion

Leader representation

We have made meaningful progress toward our commitment to double the number of Black and African American and Hispanic and Latinx leaders in the US by 2025. As of May 2023, we are **93 percent** of the way to our goal for Black and African American people managers (below director level), and **107.2 percent** of the way for Black and African American directors+ (people managers and individual contributors). We are **27.8 percent** of the way for Hispanic and Latinx people managers (below director level), and **74.2 percent** of the way for Hispanic and Latinx directors+ (people managers and individual contributors). We report representation for all demographics and levels annually, most recently in our Global Diversity and Inclusion Report.

This progress on growing director+ representation is meaningful and driven by a number of intentional efforts: investments in leadership development programs, key talent management motions, and a focus on career development by managers across the company. While we are encouraged by this progress, our commitment continues to be advancing representation at all levels.

Leadership development programs

We have launched **57 cohorts** of our mid-level and senior-level leadership development programs to date, with further staged cohorts planned for next year and beyond. The nine-month experience is opt-in and requires direct managers of all participants to participate in a parallel track to help them develop the skillsets and mindsets for inclusive management.

It is even more critical now that we prioritize internal development and growth. This is why we will be expanding eligibility for leadership development programs to include employees at additional levels within the company.

93% Black & African American People Managers (Below Director Level)

107.2% Black & African American Directors (People Managers & Individual Contributors)

27.8% Hispanic & Latinx People Managers (Below Director Level)

74.2% Hispanic & Latinx Directors (People Managers & Individual Contributors)

Increasing representation and strengthening a culture of inclusion

Inclusive hiring

We remain focused on enhancing the hiring and interview processes to include discussions on both culture and inclusion for management positions and employee hiring broadly. We launched an updated Inclusive Hiring Training available to interviewers and all hiring managers.

Employee learning

More than 97 percent of employees have completed D&I required learning courses on allyship, covering privilege, and unconscious bias in the workplace. We introduced the Race and Ethnicity Learning Path as the first of four personalized learning experiences with curated and tailored content. This year we added the Informed Allies Learning Pathway, which provokes moments of reflection and activation of basic inclusive behaviors, and we added new interactive D&I Simulations where learners can practice skills acquired through other D&I learning solutions.

D&I resources

To continue our commitment to leverage our resources to help accelerate diversity & inclusion across our ecosystem, we provided thought leadership videos on our Inclusion Journey site. These feature external global experts who speak to how organizations can create a culture of inclusion.

Microsoft

Learn more about our commitment to address racial injustice and inequities for Black and African American communities in the US

aka.ms/racial-equity-initiative