

Global Diversity & Inclusion Report

2023



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Bold in our vision, unwavering in our focus by Lindsay-Rae McIntyre, Chief Diversity Officer and Corporate Vice President of Talent Development, Microsoft

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### Introduction

## Important terms used in this report

We gather a range of data, which is presented in specific ways in this report.

#### Broader Microsoft and core Microsoft

Broader Microsoft business includes the core Microsoft business, plus minimally integrated companies. Employees of joint ventures and newly acquired companies are not included in the data. The acquisition of Activision Blizzard King is not included in the data.

LinkedIn was acquired in December 2016. GitHub was acquired in June 2018. We provide standalone data for these two acquisitions. Nuance Communications was acquired in March 2022 and fully integrated in August 2023. Minimally integrated gaming studios were acquired starting in June 2018, with the most recent acquisition, ZeniMax Media, occurring in March 2021.

Core Microsoft business represents 83.8% of the worldwide broader Microsoft workforce.

#### Data gathering and expression

All data on gender is collected globally. Numbers for gender may not total 100% due to inclusion of people who identify as transgender, non-binary, or who choose not to disclose.

Racial and ethnic data reflects the US only. Numbers may not total 100% due to inclusion of people who choose not to disclose.

Percentages are calculated to the 1/100<sup>th</sup> but rounded and published in 1/10<sup>th</sup>. Differentials may differ slightly due to rounding. Totals may not equal 100% due to rounding or because denominators include people who choose not to disclose.

**Historical numbers** may differ slightly due to rounding and refinements in methodology or data capture year over year. Unless otherwise indicated, data presented is a snapshot taken on June 30 of the year referenced.

#### Representation vs. population

At Microsoft, we look at employee diversity data through two different lenses:

**Representation** data indicates how particular groups are represented in terms of their percentage of the workforce as a whole.

**Population** data looks at headcount numbers, comparing year-over-year growth within a particular group.

Both of these are important to consider in achieving our goals for greater diversity and inclusion. For a group to increase representation, the population of that group needs to grow at an equal or greater rate than the general employee population.

Looking at population offers an indication of growth within groups to paint a broader picture of true progress.

#### Race and ethnicity categories

Data referenced in this report reflects numbers reported to the US Equal Employment Opportunity Commission based on these categories (except for Middle Eastern or North African):

Asian: A person having origins in any of the original peoples of East Asia (China, Hong Kong, Japan, Macau, Mongolia, North Korea, South Korea, and Taiwan), South Asia (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka), and Southeast Asia (Burma, Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam).

**Black and African American**: A person having origins in any of the Black racial groups of Africa.

Hispanic and Latinx: A person of Cuban, Mexican, Puerto Rican, Central or South American, or other Spanish-speaking culture or origin, regardless of race.

Middle Eastern or North African: A person having origins in any of the original peoples of the Middle East or North Africa.

Native American and Alaska Native: A person having origins in any of the original peoples of North and South America (including Central America) who maintain tribal affiliation or community attachment.

Native Hawaiian and Pacific Islander: A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

White: A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.

**Multiracial**: A person who identifies with more than one race or ethnicity.

#### Levels

As used in this report only, the following descriptions apply to the core Microsoft business:

**Executive**: Executive roles across all functions.

**Partner + Executive**: Employees with various partner and executive roles across all functions.

**Director**: Employees with various director roles across all functions.

**People Manager**: Employees at any level with at least one employee role reporting to them.

**Individual Contributor**: Employees at any level without any employee roles reporting to them.

#### Roles

Technical and Non-technical role definitions were adjusted in the 2022 Global Diversity & Inclusion Report to align to our recent talent architecture initiative and have been applied going forward. Data for 2021 and years prior are based on role definitions before our talent architecture initiative and have not been restated.

Technical: For 2022 and subsequent years, all employees in professions and disciplines directly involved in the technical creation and deployment of Microsoft products and services, including Software Engineering and several other disciplines involved in Technical Production Code, Hardware, Research, and Data Infrastructure; involved in Technical Customer Solutions; and involved in Technical Program Management, Content, and Experience.

Non-technical: For 2022 and subsequent years, all employees, including retail employees, with the exception of those in disciplines involved in the technical creation and deployment of Microsoft products and services, including Software Engineering and several other disciplines involved in Technical Production Code, Hardware, Research, and Data Infrastructure; involved in Technical Customer Solutions; and involved in Technical Program Management, Content, and Experience.

**Retail**: All employees in a retail job position.

#### Other reports

In addition to this annual Diversity & Inclusion Report, Microsoft continues to provide disclosures consistent with local requirements.

Access country pay reports published by Microsoft.

## Executive summary

# Bold in our vision, unwavering in our focus

At Microsoft, diversity and inclusion are central to our audacious mission to empower every person and every organization on the planet to achieve more.

As we share this report, our tenth year publicly releasing diversity and inclusion (D&I) data, we're unflinching in our expectations and unwavering in our focus: To attract, develop, and retain a workforce that reflects the world and build a culture where everyone can thrive. To sustain our momentum, we apply long-term vision, the conviction and accountability of our most senior leaders, and persistence to build on our efforts, day after day, year after year.



The work of D&I has always been complex, yet this year presented unique challenges. Macroeconomic headwinds impacted many organizations, and we had to make difficult workforce adjustments inside Microsoft that reduced headcount, particularly in the US. The evolving regulatory landscape and painful social tensions around the world add additional weight to the lived experiences of many employees.

While these things have been difficult individually and collectively, we leveraged the foundation and learnings from decades of D&I work to continue making representation progress and strengthening our culture of inclusion. We've done this through inclusive hiring where we did hire, evolving opportunities for career development, focusing on employee experience, and driving critical conversations.

This report offers a nuanced snapshot of our progress on increasing representation at all levels and our ongoing opportunities for improvement. As one of the most transparent companies of our size, we look to expand the data we share each year, and this year we're publishing external hiring data for the first time.

Looking at our efforts as a whole over time, we're continuing to make cumulative, positive impact:

- The representation of women and most racial and ethnic minority groups has increased at all levels over the past five years.
- While hiring volume slowed, the data shows that inclusive hiring remained a priority. Where we did hire, we were able to keep hiring representation greater than or equal to headcount representation for women and nearly all racial and ethnic minority groups except Native American and Alaska Native.

 We maintained or grew representation at Director and People Manager levels for women and US racial and ethnic minority groups year over year. Talent management is an intentional and strategic area of work that crosses beyond any single given year, particularly at higher levels. We're encouraged that over the long term, representation of women, Asian, Black and African American, Hispanic and Latinx, and multiracial employees at all levels has grown since 2019.

Last year we began reporting on median unadjusted pay, highlighting the need for continued focus on growing representation at all levels in the company. This year the unadjusted median pay data shows that we've made progress in narrowing the gap across all dimensions measured.

In addition to demographic data, we seek to understand how employees feel so we can gauge the impact of our D&I efforts and close the gap between the culture we aspire to and the lived experiences of everyone at Microsoft. We're encouraged by several meaningful indicators this year:

- As a cornerstone of our growth mindset approach to D&I, we consider understanding how to be effective allies key to activating a culture of inclusion. This year, 96.4% of employees reported some level of awareness of the concept of allyship, up from 90.3% in 2022 and 65.0% in 2019, when we first started asking employees about their awareness.
- Employee surveys show that sentiment around D&I and allyship has remained positive. We believe this demonstrates that our commitment to culture and deepening understanding of each other continues to yield results in times of challenge and change.

- More than the previous year, employees understand what's expected of them to contribute to a more diverse and inclusive environment. The average score for this survey question increased from 82 to 84 globally year over year, and from 80 to 83 in the US.
- In addition to measuring awareness, we want to know if employees observe coworkers taking intentional action to demonstrate allyship in the workplace. As of June 2023, 84.6% of employees agreed or strongly agreed that their coworkers make an effort to understand, empathize, and act in support of others.

Employee experience is directly impacted by the opportunity for everyone in our workforce to deepen understanding through D&I learning. While required learning consumption remained consistently high, there was a 270.6% increase in employees taking optional courses that allow them to explore topics such as interrupting microaggressions and breaking down barriers to create more inclusive workplaces. It's this curiosity and growth mindset that propel D&I forward at Microsoft.

While we're energized by the engagement and progress around D&I this year, we recognize there's more work to be done. D&I is a key element of our business. Our goal has always been to broaden the range of perspectives and experiences that make up our workforce to unlock innovation for our employees, customers, and the planet.

We will continue to leverage our intention, resources, and unwavering commitment to realize a more diverse and inclusive future.



Lindsay-Rae McIntyre
Chief Diversity Officer and Corporate Vice
President of Talent Development, Microsoft

## Introduction

## Executive summary insights

#### **Population**

- This year, our global core workforce decreased 0.1% and our US core workforce decreased 1.8%.
- Population growth in 2023 is lower than in 2022 for women and men and for all races and ethnicities.

#### Racial and ethnic minority groups

Core Microsoft representation and year-over-year change:

RACIAL AND ETHNIC MINORITIES

54.8%

+1.5 percentage points year over year

HISPANIC AND LATINX

8.0%

+0.3 percentage points year over year

ASIAN

36.8%

+1.0 percentage point year over year

NATIVE AMERICAN AND ALASKA NATIVE

0.4%

+0.0 percentage points year over year

BLACK AND AFRICAN AMERICAN

6.7%

+0.1 percentage points year over year

NATIVE HAWAIIAN AND PACIFIC ISLANDER

0.2%

+0.0 percentage points year over year

#### MULTIRACIAL

2.7%

+0.1 percentage points year over year

#### Women

- Women now make up 31.2% of the core Microsoft workforce worldwide, up 0.5 percentage points from 30.7% in 2022.
- The representation of women in Executive roles is 29.1%, an increase of 3.2 percentage points year over year. This was the highest year-over-year Executive representation growth across women, men, and racial and ethnic groups in 2023.
- Representation of women in technical roles grew at a faster rate than overall representation of women, increasing 0.8 percentage points year over year.
- Representation of women has grown 3.6 percentage points since 2019.

#### Culture of inclusion

As we invest in the D&I work globally, employee sentiment about our culture of inclusion and their experience has grown more positive. Data shows that while we always have more to do, we continue to make strides.

- Results from our twice-yearly, all-employee survey, Employee Signals, indicate employees' perception of feeling included on their team remained steady, with average global scores at 86 year over year and US scores increasing by 1 point to 86. Scores remained flat or increased year over year for men, women, and every race and ethnicity.
- In our Daily Signals survey sent to a sampling of employees each day, we ask for sentiment on this statement: "At Microsoft, we are diverse and inclusive, meaning that we are open to others' ideas, we value and invite differing perspectives, and we believe diversity is critical to our success." In June, 78.9% of employees surveyed agreed or strongly agreed.
   Our data shows that employees who are favorable to this statement are 1.8 times more likely to stay at Microsoft.

#### Hires

This year we are reporting on external hires representation for the first time. Hires representation increased year over year for women, Asian, Hispanic and Latinx, and multiracial employees.

#### **Technical roles**

Representation in technical roles grew for women, Asian, Black and African American, Hispanic and Latinx, and multiracial employees year over year.



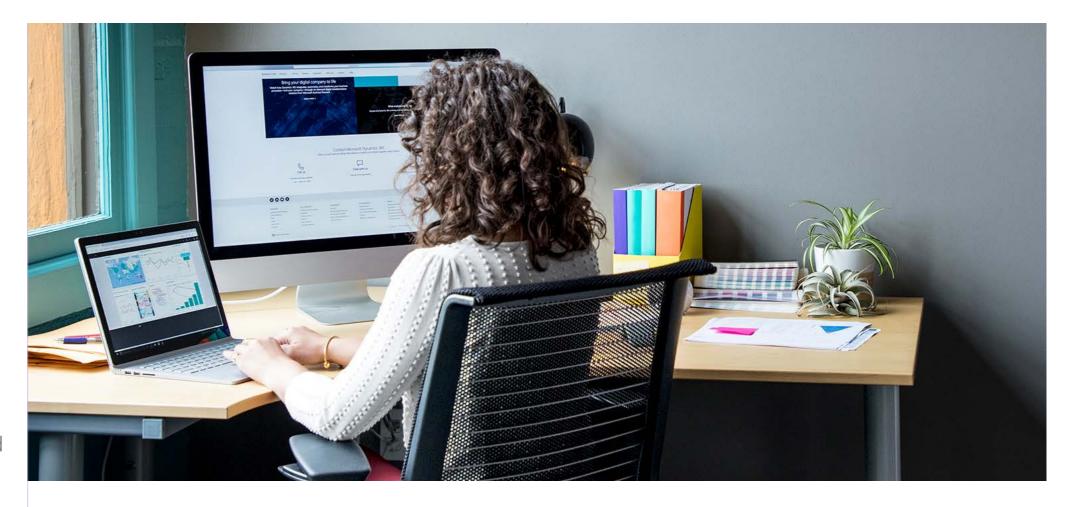
## Introduction

## Our mission-driven commitment

At Microsoft, we believe that when we empower every person and every organization on the planet to achieve more, we empower the world. Diversity and inclusion are critical for realizing this mission.

By weaving D&I into everything we do, we spark the innovation necessary to drive business results. When employee lived experience is positive, everything else gets better, including customer experiences and product innovation.

Together, we can build a world where everyone is empowered and can thrive.





"Our commitment to diversity and inclusion is essential to Microsoft's mission. We remain focused on increasing representation and strengthening our culture of inclusion, in order to better serve our customers and create an environment where everyone can do their best work."

#### Satya Nadella

Chairman and Chief Executive Officer, Microsoft



"Making continued progress on diversity and inclusion requires us to recognize that the collective strength of our employees lies in their unique perspectives and experiences. By focusing on representation and inclusion and investing in career and talent development, we create pathways for all employees to expand their horizons, unlock their full potential, and thrive."

### Kathleen Hogan

Chief People Officer, Microsoft

The state of diversity & inclusion at Microsoft in 2023



Core

## Representation

On pages 9 to 15, we look at D&I data across our broader Microsoft business in terms of both representation and population of women and men globally and of racial and ethnic groups in the US. We also explore results for our minimally integrated companies.

#### **Our broader Microsoft business**

#### Insights

- Representation of women grew 0.5 percentage points year over year to 33.1%.
- Overall racial and ethnic minority group representation grew 1.4 percentage points year over year to 53.3%.
- Asian representation grew 1.1 percentage points year over year to 35.3%.
- Hispanic and Latinx representation grew 0.3 percentage points year over year to 7.9%.

Since 2019, Black and African American and Asian groups have had the largest representation growth among racial and ethnic groups at

2.5 and 2.0

percentage points, respectively.



#### Representation levels 2019-2023\*

GLOBAL DATA	2019	2020	2021	2022	2023
WOMEN	29.2%	30.2%	30.9%	32.7%	33.1%
	23.2%	30.270	30.370	32.770	33.170
MEN	70.7%	69.6%	69.0%	67.2%	66.8%
US DATA	2019	2020	2021	2022	2023
ASIAN	33.3%	34.9%	34.9%	34.2%	35.3%
BLACK AND AFRICAN AMERICAN	4.4%	4.7%	5.6%	6.9%	6.8%
HISPANIC AND LATINX	6.2%	6.4%	6.9%	7.5%	7.9%
NATIVE AMERICAN AND ALASKA NATIVE	0.5%	0.4%	0.4%	0.4%	0.4%
NATIVE HAWAIIAN AND PACIFIC ISLANDER	0.2%	0.2%	0.2%	0.2%	0.2%
WHITE	52.1%	49.2%	48.3%	47.2%	46.0%
MULTIRACIAL	2.1%	2.3%	2.5%	2.7%	2.7%

<sup>\*</sup>Percentages are calculated to the 1/100<sup>th</sup> but rounded and published in 1/10<sup>th</sup>. Differentials may differ slightly due to rounding. Totals may not equal 100% due to rounding or because denominators include people who choose not to disclose.

#### Inside inclusion spotlights Introduction

For 10 years, we've publicly released data that measures our progress in addressing the nuances and complexities of D&I. While the data tells an important story, it's never the whole story. Behind the numbers are people and ideas that make our commitment to D&I a reality and help us evolve our culture.

To fuel our D&I momentum, we apply the same drive, commitment, and creativity that have made us global technology leaders. Our "Inside inclusion spotlights" within this report explore some of the ways we innovate for inclusion.

Spotlights range from how employees experience inclusion from their first hour with the company to our groundbreaking D&I learning opportunities and how we embed accountability for employees at all levels. You'll read about how we've built inclusive solutions into our products and tools, mapped a framework to balance global and local needs as we activate D&I across countries and cultures, and applied our ongoing commitment to D&I to our approach to ethical AI as we innovate this technology forward.











Innovation and iteration are as core to our D&I work as they are to the Microsoft business. We'll continue to put our talent and resources to work to realize our vision of a future where everyone is empowered to achieve more.

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## Inside inclusion spotlight Global strategy, local implementation

For a global company like Microsoft doing business in more than 190 countries and employing more than 220,000 employees, the vast diversity of cultures, communities, and community concerns presents a huge opportunity.

All our D&I efforts are anchored to our globally consistent core concepts of allyship, covering, privilege, and unconscious bias. These foundational concepts provide a shared framework that enhances our comprehension of D&I within various contexts.

"By engaging with employees, communities, leaders, and experts we are able to build an understanding of the nuances around identities within countries and regions," says Lindsay-Rae McIntyre, Chief Diversity Officer and Corporate Vice President of Talent Development, Microsoft. "With this layered approach, we apply global strategy, global infrastructure, and global concepts, and then implement those locally in ways that are relevant, meaningful, and supportive to employees."

Across the global Microsoft workforce, leaders and teams activated D&I this past year in ways that are relevant to local employees, engage local communities, and surface critical conversations to accelerate positive change.

- In the Greater China Region, Employee Resource Group (ERG) chapters hosted the region's first cross-ERG initiative, an internal in-person and digital event across six cities that provided a platform for employees to learn about and engage with ERGs and discover actions that help strengthen a culture of inclusion.
- The India Customer Experience and Success (CE&S)
  leadership team participated in a six-month mentoring
  program for leaders to learn more about neurodiversity and
  serve as career mentors for neurodiverse job candidates.

- The Israel site established its first ever D&I cross-site community, which brought together leader representatives from across the region and different job functions to help activate a centrally connected and cohesive D&I plan and accelerate the work locally.
- The Culture Club at the Africa Development Center in Nigeria hosted employee-led discussions around ethnicity in response to local events, creating a critical space for conversations on identity, bias, allyship, and opportunity.
- With the aim of supporting new and future parents and caregivers, the Women at Microsoft Latin America ERG chapter initiated a mentoring rings project, featuring panel sessions exploring common challenges and opportunities for employees with young children. It also facilitated smaller groups that exchanged insights, best practices, and various family, parenting, and caregiver solutions.
- In the UK, a Social Mobility Board was set up by a small group of employees to raise awareness around socioeconomic issues and to encourage UK teams to be intentional about inclusion across this dimension of identity.

These are just some of the many examples of how D&I has been activated across Microsoft's global workforce.

Global perspectives and approaches are also critically important to Microsoft's work to create a more inclusive world for communities, customers, and partners, according to Jean-Philippe Courtois, Executive Vice President and President, National Transformation Partnerships, Microsoft.

Courtois sponsors Microsoft Entrepreneurship for Positive Impact, an initiative that works with 900 social entrepreneurs covering over 70 countries. In his view, inclusion is an imperative in solving global problems.

"You have to not just accept diversity, but also leverage the best of the diversity wherever you live," says Courtois. "You need to get that collaboration going with people of different perspectives in life, because that's the only way we're going to crack those very tough challenges we have ahead of us."

#### **Global perspectives**

In the regions and countries where we operate, leaders are key to setting the tone and strategy for how we activate D&I locally and engage in the broader ecosystem. Conversations, data, and feedback help identify the issues and topics that matter most.



Miki Tsusaka President, Microsoft Japan

In Japan, for example, demographic and economic factors are fueling an urgent need to continue diversifying the workforce, believes Miki Tsusaka, President, Microsoft Japan. "Given Japan's low labor productivity and the fact that our population is not growing, we have to use every muscle we have to create corporate environments that let everybody thrive," she says.

The good news is that the understanding of diversity has broadened significantly across Japan, Tsusaka observes. Fifteen

years ago, it was narrowly about bringing more women into the workforce. "Now it's about many more groups, and there's a recognition that it's something all of us as corporate leaders have to work on."

In Latin America, we've deliberately focused on broadening the perspectives and experiences that inform D&I work within Microsoft, according to Fabricia Degiovanni, General Manager, Global Go To Market, Azure Infrastructure, Microsoft.



Fabricia Degiovanni General Manager, Global Go To Market, Azure Infrastructure, Microsoft

"We have a community in LATAM, a group of people from different levels in the organization, different countries, different roles, expanding the diversity and inclusion conversation at all levels in the organization," Degiovanni says. In a region characterized by robust racial, ethnic, and linguistic diversity, these efforts are aiding the workforce in collectively developing new practices and fostering inclusion.

Our focus on inclusion expands beyond the workforce to help empower communities. Within many rural communities in Latin America, lack of internet connectivity is a key barrier to access and

opportunity in the digital economy, Degiovanni explains. "We're currently implementing projects such as Airband, which we <u>recently announced</u>, increasing connectivity for communities in Brazil, Chile, Colombia, and Guatemala."

The goal is to provide high-speed internet to 18 million people, reducing inequality and helping to address systemic social issues such as access to education, healthcare, and employment.

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## Representation of women by geographic region

This is our second year sharing data on the representation of women in our broader Microsoft business by region, in addition to worldwide.\*

\*This is a geographical representation and not a representation of how we operate as a business.



#### Insights

- Women representation overall grew 0.5 percentage points year over year to 33.1%.
- Representation of women employees in North America and the Asia Pacific region increased year over year.
- Representation of women decreased year over year in South America and the Europe, Middle East, and Africa region.





#### Representation of women

NORTH AMERICA

33.6%

OUTH MERICA

32.4%

EUROPE, MIDDLE EAST, AND AFRICA

32.3%

ASIA PACIFIC

32.5%

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## Population



Since 2019, the population of women employees globally at Microsoft has grown

74.7%.

#### **Our broader Microsoft business**

#### Insights

- Globally, population growth for women continues to outpace that of Microsoft's broader workforce. In 2023, the population of women increased 1.4% year over year while Microsoft's global broader workforce population declined 0.1%. Since 2019, the number of women globally grew 74.7% while Microsoft's broader workforce grew 54.1%.
- The broader Microsoft population in the US declined 1.9% year over year, but three communities experienced population growth:

ASIAN

+1.2%

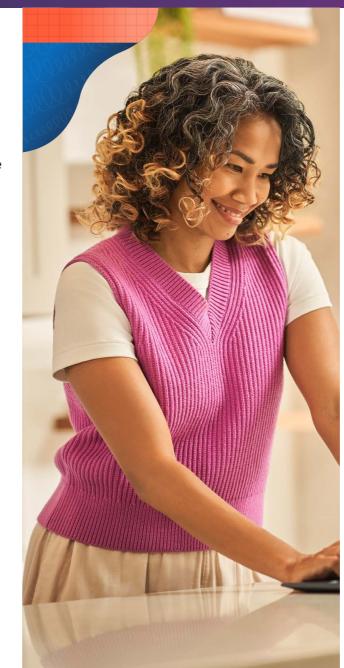
HISPANIC AND LATINX

+2.1%

MULTIRACIAL

+1.5%

- The broader Hispanic and Latinx population had the highest year-over-year growth across all racial and ethnic groups in 2023.
- While the broader Black and African American population at Microsoft declined 2.6% year over year, it has more than doubled since 2019, the highest population growth across all racial and ethnic groups in that time.



#### Population growth in our broader Microsoft business\*

GLOBAL DATA	2022-2023	2019-2023
GLOBAL WORKFORCE GROWTH	-0.1%	+54.1%
WOMEN	+1.4%	+74.7%
MEN	-0.8%	+45.6%
US DATA	2022-2023	2019-2023
US WORKFORCE GROWTH	-1.9%	+41.2%
ASIAN	+1.2%	+49.8%
BLACK AND AFRICAN AMERICAN	-2.6%	+120.3%
HISPANIC AND LATINX	+2.1%	+79.2%
NATIVE AMERICAN AND ALASKA NATIVE	-6.6%	+6.3%
NATIVE HAWAIIAN AND PACIFIC ISLANDER	+0.0%	+39.1%
WHITE	-4.4%	+24.5%
MULTIRACIAL	+1.5%	+82.0%

\*Microsoft + LinkedIn + GitHub + Nuance + Game Studios (Playground Games, Ninja Theory, Undead Labs, Compulsion Games, InXile, Obsidian, Double Fine, ZeniMax). Percentages are calculated to the 1/100<sup>th</sup> but rounded and published in 1/10<sup>th</sup>.

Broad

Core

## Minimally integrated companies

Microsoft's minimally integrated companies have separate recordkeeping systems, but our commitment to making progress on D&I applies to all the companies that are part of the Microsoft family.

Our strategies share some similarities, and individual businesses have flexibility to address unique opportunities and challenges.



#### **Our broader Microsoft business**

#### **GitHub**

GitHub is an interconnected community of more than 100 million+ developers and 4 million+ organizations with a mission to accelerate human progress through developer collaboration.

Like many organizations impacted by the macroeconomic climate, GitHub had limited hiring last year with our global employee population increasing by 5.1%. However, we remain dedicated to building a diverse and inclusive remote-first culture where our employees experience a sense of belonging, growth, and engagement throughout their careers.

#### Population change from 2022 to 2023

**EMPLOYEES OUTSIDE US** 

GLOBAL WOMEN

US EMPLOYEES

-0.9%

+9.2%

+7.7%

US ASIAN

US BLACK AND AFRICAN AMFRICA US HISPANIC AND LATINX

US MULTIRACIAL

+11.4%

+4.0%

+5.1%

+10.9%

#### Insights

- Women make up 31.7% of the global workforce, 25.2% of senior leadership roles, 35.0% of management roles, and 25.8% of technical roles.
- Black and African American employees make up 6.1% of the US workforce, 3.3% of senior leadership roles, 5.4% of management roles, and 5.6% of technical roles.
- Hispanic and Latinx employees make up 6.8% of the US workforce, 4.1% of senior leadership roles, 4.3% of management roles, and 6.6% of technical roles.
- Asian employees make up 16.2% of the US workforce, 17.9% of senior leadership roles, 17.9% of management roles, and 17.3% of technical roles.

In 2023, GitHub also made significant investments to improve accessibility and disability inclusion globally, with a goal of continuing to promote innovation from all communities.

Read more in our 2023 GitHub Diversity, Inclusion, and Belonging Report.



Our vision to create economic opportunity for every member of the global workforce guides everything we do at LinkedIn. We invest in building an environment of belonging, inclusively

recruiting talent, growing and developing our employees, and building our products with an equity mindset. While the core of our work is a commitment to inclusion and belonging for all employees, we also hold ourselves accountable for measuring representation for key demographic groups.

#### Representation and year-over-year change

GLOBAL WOMEN

47.3%

+0.3 percentage points year over year

US BLACK AND AFRICAN AMERICAN

6.8%

-0.5 percentage points year over year

GLOBAL WOMEN IN TECHNICAL ROLES

29.3%

+1.5 percentage points year over year

US HISPANIC AND LATINX

**7.6**%

+0.3 percentage points year over year

#### Insights

In 2020, we made a commitment to double the population of senior US Black and African American as well as Hispanic and Latinx employees (leaders, managers, and senior individual contributors) by fiscal year 2025. We've met our commitment for senior Black and African American employees at 2.3 times our fiscal year 2020 population, and we're nearing our commitment for senior Hispanic and Latinx employees at 1.9 times our fiscal year 2020 population. We've grown the Black and African American population (Director+) by 280.0% and the Hispanic and Latinx population (Director+) by 161.9%.

We acknowledge that our diversity and inclusion work is ongoing and we're focused on specific retention strategies to ensure all of our employees have the opportunity to thrive.

Read more in our 2023 LinkedIn Workforce Diversity Report.

Core



Inside inclusion spotlight

Inclusion from the start

For Microsoft employees, the expectations, opportunities, and impact of an inclusive workplace culture start from the first day.

Within the first day of New Employee Orientation (NEO), everyone learns how a growth mindset and commitment to D&I is a core priority for all of us at Microsoft. As employees are introduced to Microsoft's mission, values, and culture, they're also introduced to Microsoft's D&I efforts, aligned to the mission and values of the company.

In onboarding surveys, new employees often cite both D&I and culture as important factors that led them to decide to join the company, according to the NEO team.

"During NEO, we emphasize that our mission to empower every person and every organization on the planet to achieve more isn't possible without a commitment to D&I, because our organizational makeup, policies, practices, and programs must reflect the planet we wish to serve," says Kashay Sanders, Senior Learning and Development Project Manager, Microsoft, who leads content design for NEO. "Not only is inclusion critical from Day One, but it's the cultural attribute that we intentionally shine a spotlight on."

Inclusion from the very start applies to all acquisitions and integrations as well. This was a strong theme in the recent integration of Nuance, a Massachusetts-based leader in developing voice recognition and AI software solutions for the healthcare industry. Microsoft acquired the company in 2022, with Nuance employees officially transitioning to Microsoft's payroll and benefits on August 1 of this year.

Even before this formal transition, the two companies began building relationships and strengthening a sense of inclusion, in part through connections between Employee Resource Groups (ERGs), which are open to every employee.

One example is the early collaboration between the Blacks at Microsoft (BAM) ERG and Black Employees in Nuance Group (BEING), the Nuance Black employees ERG. For Shannon Martin, a Principal Product Manager who came from Nuance, "It was like coming over to your family. The environment was always, 'Welcome, this is your space if you're looking for your people."

Rasuwl Walls, Health and Life Sciences Account Executive, Microsoft, and a BAM member who helped launch the company-wide ERG's Health and Life Sciences chapter, feels similarly.

"Even before I started working here, the culture is exactly what made me choose Microsoft," he says. "When Shannon reached out early on from Nuance, even before the formal transition, we said, 'Get in where you fit in,' because the mission of BAM has always been about empowering the Black community to get the resources to do the work we want to do and prosper."

In September 2022, the two groups came together to participate in the <u>Microsoft Global Hackathon</u>, an annual company-wide event, which brought more than 70,000 employees from all over the world together to innovate on ideas that inspired them.

During the pitching part of the Hackathon, the group came up with an app called Our Health that would help patients from racial and ethnic minority communities have more informed conversations with healthcare providers about their diagnosis and treatment.

The idea for the app was informed by situations that BAM and BEING members or their families had experienced. "Being intimidated, being vulnerable in that newly diagnosed state, not knowing what to do, and not knowing what kind of conversation to have," Martin explains.

The group knew they could offer a solution. "We see this problem. We know this problem. We've lived this problem. Let's fix it," she says.

The team created a prototype for the app during last year's Hackathon. For this year's Hackathon, the goal was to reassemble the team so they could build out a working proof-of-concept version.

Early touchpoints and the Hackathon work are just the beginning. The ERGs came together for a Juneteenth celebration this year and are exploring many collaboration and integration opportunities. "There's a great common thread," concludes Walls. "We all need a place to call home so we can further our goals and continue in our leadership."

We regularly survey new employees who participate in the Microsoft New Employee Orientation. Here's a sampling of what recent new hires, who respond anonymously, have to say.

"The inclusion and diversity stories helped to really put into context and reinforce why I came here in the first place, so it really made me feel like I was making the best career choice."

"I was inspired by how the company is committed to diversity and learning for all groups of people, regardless of how they look or their backgrounds."

"Everyone has made me feel at home, and they really personify the allinclusive approach."



Employees participating in the Hackathon across the company bring their unique perspectives to the project.

Core

## Representation

On pages 16 to 36, we look more closely at our core Microsoft business, which represents 83.8% of our broader Microsoft workforce, excluding minimally integrated companies. We report representation and population data on women and men globally and racial and ethnic groups in the US. We also look within levels and roles and explore data on employees who self-identify as Asian or multiracial or who have a disability or military status. We share updates on our Racial Equity Initiative commitments, pay data, employee sentiment, workforce exits, and for the first time, data on hires.

#### **Our core Microsoft business**

#### Insights

#### Overall

- The representation of women and all racial and ethnic minority groups grew year over year, except for Native American and Alaska Native and Native Hawaiian and Pacific Islander communities, whose representation was unchanged.
- While representation grew for women, Black and African American, and Hispanic and Latinx employees year over year, the rate of growth was lower than in 2022.
- Representation in technical roles grew for women, Asian, Black and African American, Hispanic and Latinx, and multiracial groups year over year.



#### Leadership

- Women representation rose year over year at all leadership levels except for People Manager, which stayed the same.
- Asian representation rose year over year at all leadership levels, with the highest growth within the Partner + Executive level, up 2.2 percentage points.
- Black and African American Director representation grew 0.1 percentage points year over year to 3.8%.
   Representation growth decreased at the Executive and Partner + Executive levels and was unchanged at the People Manager level.
- Native American and Alaska Native People Manager representation grew 0.1 percentage points year over year to 0.5%.
- Hispanic and Latinx representation rose year over year at all leadership levels except for Partner + Executive, where it remained unchanged.
- Representation growth of Native Hawaiian and Pacific Islander and multiracial groups remained unchanged at all leadership levels, except for Executive, where multiracial representation decreased year over year.



ore

ALL CORE MICROSOFT

## Representation



## **Our core Microsoft business** Representation trends from 2019 to 2023\* Numbers equal percent of representation. WOMEN ALL CORE MICROSOFT INDIVIDUAL CONTRIBUTOR TECHNICAL ROLES PEOPLE MANAGER DIRECTOR PARTNER + EXECUTIVE EXECUTIVE BLACK AND AFRICAN AMERICAN ALL CORE MICROSOFT TECHNICAL ROLES INDIVIDUAL CONTRIBUTOR PEOPLE MANAGER DIRECTOR PARTNER + EXECUTIVE EXECUTIVE HISPANIC AND LATINX

PEOPLE MANAGER

DIRECTOR

PARTNER + EXECUTIVE

EXECUTIVE

 $^{\star}$ Percentages are calculated to the 1/100 $^{\rm th}$  but rounded and published in 1/10 $^{\rm th}$ . Data visualization on this page is not to mathematical scale.

INDIVIDUAL CONTRIBUTOR

TECHNICAL ROLES

## Representation

## Representation in our core Microsoft business 2019-2023\*



\*Percentages are calculated to the 1/100<sup>th</sup> but rounded and published in 1/10<sup>th</sup>. Totals may not equal 100% due to rounding or because denominators include people who choose not to disclose. Data visualization on this page is not to mathematical scale.

Broader Core 2023 ALL CORE MICROSOFT EXECUTIVE PARTNER + EXECUTIVE DIRECTOR PEOPLE MANAGER INDIVIDUAL CONTRIBUTOR TECHNICAL ROLES NON-TECH ROLES INCLUDES RETAIL RETAIL WOMEN 31.2% 29.1% 24.2% 23.9% 28.4% 31.7% 26.6% 53.1% 36.4% 70.9% 75.8% 76.0% 71.6% 68.3% 73.4% 46.8% 63.6% 68.8% 8.3% ASIAN 36.8% 24.6% 30.7% 33.9% 33.8% 37.5% 40.9% 18.4% BLACK AND AFRICAN AMERICAN 6.7% 5.1% 3.8% 3.8% 4.5% 7.2% 5.8% 10.5% 20.1% 3.8% 5.1% 7.2% 28.7% HISPANIC AND LATINY 8.0% 5.9% 6.5% 8.3% 11.3% 0.3% 0.4% 0.5% 0.4% 0.4% 0.3% 0.4% 0.0% 0.4% NATIVE AMERICAN AND ALASKA NATIVE 0.5% NATIVE HAWAIIAN AND PACIFIC ISLANDER 0.2% 0.0% 0.0% 0.2% 0.2% 0.2% 0.2% 0.4% 45.2% 64.9% 58.1% 54.1% 52.5% 43.6% 42.9% 55.6% 39.3% WHITE MULTIRACIAL 2.7% 1.6% 1.9% 1.7% 1.9% 2.8% 2.5% 3.3% 2.9% 2022 ALL CORE MICROSOFT EXECUTIVE PARTNER + EXECUTIVE DIRECTOR PEOPLE MANAGER INDIVIDUAL CONTRIBUTOR TECHNICAL ROLES NON-TECH ROLES INCLUDES RETAIL RETAIL 23.2% 25.8% 30.7% 25.9% 23.0% 28.4% 31.1% 52.0% 39.4% MEN 69.3% 74.1% 77.0% 76.8% 71.6% 68.9% 74.2% 48.0% 60.6% ASIAN 35.8% 22.5% 28.4% 32.4% 32.2% 36.5% 40.1% 18.1% 9.6% 5.7% 19.7% 4.0% 5.7% BLACK AND AFRICAN AMERICAN 6.6% 3.7% 4.5% 7.1% 10.5% 3.5% 28.3% 7.6% 5.1% 5.6% 6.2% 7.9% 6.8% 11.0% HISPANIC AND LATINX 0.4% 0.3% 0.3% 0.4% 0.4% 0.4% 0.4% 0.3% 0.3% NATIVE AMERICAN AND ALASKA NATIVE 0.2% 0.1% 0.2% 0.2% 0.2% 0.4% 0.6% 0.0% NATIVE HAWAIIAN AND PACIFIC ISLANDER 0.0% WHITE 46.7% 66.1% 60.3% 55.9% 54.5% 45.0% 44.3% 56.4% 38.7% 1.7% 2.7% MULTIRACIAL 2.6% 1.9% 1.9% 1.9% 2.7% 2.4% 3.2% 2021 ALL CORE MICROSOFT EXECUTIVE PARTNER + EXECUTIVE DIRECTOR PEOPLE MANAGER INDIVIDUAL CONTRIBUTOR TECHNICAL ROLES NON-TECH ROLES INCLUDES RETAIL RETAIL 21.1% 22.0% 29.7% 25.0% 27.1% 30.2% 24.4% 41.2% 38.1% WOMEN 75.0% 78.0% 72.9% 69.8% 75.6% 58.8% 70.3% 78.9% 61.9% MFN ASIAN 35.4% 23.3% 26.2% 31.3% 31.0% 36.3% 42.6% 16.9% 9.8% BLACK AND AFRICAN AMERICAN 5.7% 5.6% 3.8% 3.2% 3.9% 6.1% 4.4% 9.1% 17.9% 3.7% 10.3% 26.9% HISPANIC AND LATINX 7.0% 5.2% 5.2% 6.0% 7.2% 5.8% 0.4% 0.3% 0.5% 0.5% 0.5% 0.5% NATIVE AMERICAN AND ALASKA NATIVE 0.5% 0.4% 0.4% NATIVE HAWAIIAN AND PACIFIC ISLANDER 0.2% 0.0% 0.1% 0.1% 0.2% 0.2% 0.1% 0.4% 0.9% 48.6% 66.3% 62.9% 58.2% 56.6% 47.0% 44.2% 42.0% WHITE 1.4% 1.6% 1.8% 2.0% MULTIRACIAL 2.5% 0.7% 2.6% 2.3% 2.8% 2020 ALL CORE MICROSOFT EXECUTIVE PARTNER + EXECUTIVE DIRECTOR PEOPLE MANAGER INDIVIDUAL CONTRIBUTOR TECHNICAL ROLES NON-TECH ROLES INCLUDES RETAIL RETAIL 24.0% 21.1% 22.8% 28.6% 20.0% 26.3% 29.0% 40.4% 38.5% WOMEN 71.3% 75.7% 79.9% 78.9% 73.7% 71.0% 77.1% 59.5% 61.5% ASIAN 34.7% 21.5% 25.2% 29.8% 30.6% 35.5% 41.8% 16.5% 9.9% 3.7% 5.2% 3.6% 8.1% 19.6% BLACK AND AFRICAN AMERICAN 4.9% 2.9% 2.6% 2.9% HISPANIC AND LATINX 6.6% 3.3% 4.4% 4.8% 5.4% 6.8% 5.3% 9.9% 25.9% 0.5% 0.3% 0.4% 0.4% 0.5% 0.5% 0.4% 0.4% NATIVE AMERICAN AND ALASKA NATIVE 0.0% 0.2% 0.1% 0.1% 0.2% 0.2% 0.4% 0.8% 0.1% NATIVE HAWAIIAN AND PACIFIC ISLANDER 0.0% 50.2% 70.2% 65.2% 60.3% 58.7% 48.6% 45.8% 61.8% 41.2% WHITE 1.4% 1.5% 2.1% MULTIRACIAL 2.3% 0.4% 1.1% 2.4% 2.2% 2.6% 2019 ALL CORE MICROSOFT EXECUTIVE PARTNER + EXECUTIVE DIRECTOR PEOPLE MANAGER INDIVIDUAL CONTRIBUTOR TECHNICAL ROLES NON-TECH ROLES INCLUDES RETAIL RETAIL 20.5% 28.0% 27.6% 24.6% 19.3% 25.4% 21.4% 72.3% 75.4% 80.7% 79.5% 74.6% 71.9% 78.6% 60.5% 61.8% ASIAN 33.1% 17.4% 23.9% 27.8% 28.6% 33.9% 40.1% 16.6% 10.2% 4.5% 3.7% 2.7% 2.5% 2.7% 4.9% 3.3% 7.5% 18.6% BLACK AND AFRICAN AMERICAN 2.7% 4.4% 25.0% 6.3% 4.7% 5.0% 6.5% 4.9% 9.6% HISPANIC AND LATINX 0.4% 0.3% 0.3% 0.4% NATIVE AMERICAN AND ALASKA NATIVE 0.5% 0.0% 0.6% 0.6% 0.5% NATIVE HAWAIIAN AND PACIFIC ISLANDER 0.2% 0.0% 0.1% 0.1% 0.2% 0.2% 0.1% 0.4% 1.0% 75.3% 67.3% 63.2% 61.8% 51.6% 49.0% 63.1% 43.0% WHITE 53.2% 2.1% 0.5% 0.9% 1.2% 1.2% 2.2% 2.0% 2.3% 1.8% MULTIRACIAL

Core

## **Population**

The population of women has grown year over year at all leadership levels, with the highest growth of

13.5%

at the Executive level.

The number of women Directors has more than doubled since 2019.



Black and African American and Hispanic and Latinx employees had the highest leadership growth at the Director level, with population increases of

8.6% and 11.0%,

respectively, year over year.

The number of Black and African American and Hispanic and Latinx Directors has more than doubled since 2019.

#### **Our core Microsoft business**

#### Insights

#### Overall

- The population of women in technical roles grew 4.7% year over year.
- The populations of Asian, Hispanic and Latinx,
  Native Hawaiian and Pacific Islander, and multiracial
  employees grew year over year. The Native Hawaiian
  and Pacific Islander population had the highest growth
  at 3.4%.
- While the population of Black and African American employees decreased year over year, this population has increased the most of all racial and ethnic groups since 2019, with growth of 94.9% during that period.

#### Leadership

- The population of Hispanic and Latinx Executives grew 9.1% year over year, the highest growth at this level across all racial and ethnic groups.
- Native Hawaiian and Pacific Islander employees at the Director level had the highest year-over-year growth of all racial and ethnic groups at 34.4%.
- The Native American and Alaska Native populations grew 10.4% at the People Manager level year over year, the highest growth of all racial and ethnic groups.
- The populations of Black and African American and multiracial employees have at least doubled at every leadership level since 2019.

#### Population growth in our core Microsoft business\*

GLOBAL WORKFO	RCE _	2022-2023	-0.1%		US WORKFO GROWTH	PRCE	2022-2023	-1.8%			
GLOBAL DATA		ALL CORE MICROSOFT	EXECUTIVE	PARTNER + EXECUTIVE	DIRECTOR	PEOPLE MANAGER	INDIVIDUAL CONTRIBUTOR	TECHNICAL ROLES	NON-TECH ROLES INCLUDES RETAIL	RETAIL	
WOMEN	2022-2023	+1.5%	+13.5%	+12.5%	+12.5%	+0.5%	+1.6%	+4.7%	<b>-</b> 5.5%	<b>-41.7</b> %	
WOMEN	2019-2023	+64.8%	+74.1%	+98.1%	+108.8%	+75.1%	+63.3%	+130.5%	-2.1%	<b>-</b> 67.3%	_
	2022-2023	-0.9%	-3.1%	+5.4%	+8.0%	+0.6%	-1.1%	+0.5%	-9.8%	-33.9%	_
MEN	2019-2023	+38.7%	+38.2%	+48.4%	+71.4%	+49.9%	+36.8%	+72.5%	-43.8%	<b>-</b> 64.6%	_
US DATA		ALL CORE MICROSOFT	EXECUTIVE	PARTNER + EXECUTIVE	DIRECTOR	PEOPLE MANAGER	INDIVIDUAL CONTRIBUTOR	TECHNICAL ROLES	NON-TECH ROLES INCLUDES RETAIL	RETAIL	
ASIAN	2022-2023	+1.1%	+8.5%	+12.7%	+11.7%	+3.9%	+0.6%	+2.1%	-7.7%	<b>-</b> 50.0%	$\sum_{i=1}^{n}$
ASIAN	2019-2023	+46.9%	+102.6%	+93.2%	+103.1%	+73.8%	+42.7%	+57.2%	-11.5%	<b>-</b> 75.5%	
BLACK AND	2022-2023	-0.8%	-11.1%	+1.2%	+8.6%	-1.4%	-0.7%	+2.9%	-9.1%	<b>-</b> 40.6%	
AFRICAN AMERICAN	2019-2023	+94.9%	+100.0%	+115.8%	+153.4%	+150.6%	+89.2%	+176.1%	+11.7%	<b>-</b> 67.4%	
HISPANIC AND	2022-2023	+2.3%	+9.1%	+4.8%	+11.0%	+3.1%	+2.2%	+6.1%	-7.4%	-40.7%	
LATINX	2019-2023	+67.0%	+100.0%	+73.0%	+109.8%	+89.5%	+63.7%	+127.5%	-6.0%	<b>-</b> 65.3%	$\overline{\mathcal{D}}$
NATIVE AMERICAN	2022-2023	-5.6%	-100.0%	0.0%	+14.6%	+10.4%	<b>-</b> 9.4%	-5.3%	-7.4%	-50.0%	
AND ALASKA NATIVE	2019-2023	-1.8%	_	+20.0%	+131.4%	+129.7%	<b>-</b> 15.5%	+8.4%	-33.7%	<b>-</b> 83.3%	$\bigcup$
NATIVE HAWAIIAN AND	2022-2023	+3.4%	_	0.0%	+34.4%	+3.4%	+3.4%	+12.0%	-9.8%	-50.0%	$\supset$
PACIFIC ISLANDER	2019-2023	+29.7%	_	-50.0%	+95.5%	+25.0%	+30.5%	+81.8%	-15.9%	<b>-</b> 84.6%	
	2022-2023	-4.9%	-2.9%	+0.8%	+3.6%	-4.7%	<b>-</b> 5.0%	-3.2%	-10.6%	-40.8%	
WHITE	2019-2023	+12.2%	+23.0%	+30.2%	+42.9%	+25.2%	+9.3%	+35.1%	-29.7%	<b>-</b> 72.4%	$\overline{a}$
	2022-2023	+2.5%	-16.7%	+5.3%	+6.7%	+0.6%	+2.8%	+5.0%	-5.3%	-37.8%	$\supset$
MULTIRACIAL	2019-2023	+70.4%	+400.0%	+207.7%	+146.8%	+130.1%	+64.2%	+99.1%	+13.5%	-50.0%	5

\*Percentages are calculated to the 1/100th but rounded and published in 1/10th."—" indicates a mathematically undefined term that results when the starting point is zero.

## Self-identification in the US

Increasing representation and strengthening a culture of inclusion requires us to continue creating opportunities for employees across our global workforce to feel seen and included. One of the ways we do this is through voluntary employee self-identification. Self-identification is available globally in 46 markets with some variation, as dictated by local laws, practices, and customs, and we're continually evaluating opportunities to expand our offerings.

#### **Our core Microsoft business**

Self-identification—always a voluntary and personal decision—is important to D&I efforts. It helps us better understand what employees need for well-being and to do their best, most innovative work.

Self-identification is one of several ways we can stay informed on who makes up our workforce as we strive to deliver meaningful benefits and programs that meet their needs in various life stages and enrich their lives.

#### This includes benefits such as:

- Paid caregiver and parental leave for all employees regardless of gender
- · Gender-affirming healthcare
- · Child- and elder-care benefits
- Be Well, our global holistic well-being platform
- MS CARES, our employee assistance program
- Financial education services
- · Family building support
- Menopause support
- Reimbursement for physical, mental and emotional, and financial well-being expenses

In the US, employees have the option to confidentially share information about themselves across a range of visible and non-visible dimensions of diversity, including disability status, military status, race and ethnicity, gender identity, sexual orientation, and/or identifying as transgender. We began sharing US data on both military and multiracial identity in 2022. This year, we're sharing further detail on Asian employees in the US, reporting Asian sub-identity details for the first time.



"To achieve our company goal of offering best-inclass benefits, learning tools, career development, and all-around experience, we have to know who

our workforce is. Through self-identification, we can translate the many visible and non-visible dimensions of our identities into employee experiences that make everyone feel welcome."

Dawn Klinghoffer, Vice President, HR Business Insights, Microsoft



Core

## Self-identification in the US



"We're fortunate at
Microsoft to work alongside
an engaged military
community. Self-identifying
as a person with military
experience helps make

sure that not only your unique needs as a military member are counted, but that your community's is too."

Chris Cortez, Vice President of Microsoft Military Affairs, and Retired United States Marine Corps Major General



#### **Our core Microsoft business**

#### Military self-identification

We offer employees the choice to identify as a person with military experience in 38 countries, including the US. With this self-identification option, we aim to create more visibility for the thousands of employees in the Microsoft military community, spark discussion about the military experience at Microsoft, and better understand and support the diversity of our workforce.

#### Insights

 As of June 2023, 4.8% of US employees in our core Microsoft business self-identified as having served in the US Armed Forces or as having Protected Veteran status. This is a 0.1 percentage points increase from 2022.



"I think it's important to share my identity because it shows that I'm an individual, that I have a culture, a background that offers a unique perspective."

Zach Oxendine, Engineering Technical Program Manager, Microsoft, and United States Air Force Reservist

Learn more about Oxendine's work to empower the next generation of Indigenous leaders in STEM.

#### Disability self-identification

It's estimated that 1.3 billion people, or 16% of the world's population, have a <u>disability</u>, and while difficult to quantify, research shows that employment and education rates are lower and poverty rates are higher for people with disabilities.

At Microsoft, inclusion of people with disabilities is key to achieving our mission. Employees with disabilities have been critical to Microsoft innovations such as Learning Tools, live captioning in Microsoft Teams, Xbox Adaptive Controller, Microsoft Adaptive Accessories, Surface Adaptive Kit, and many more.

We encourage employees with disabilities to voluntarily self-identify so that we can better understand the disability community, and have the data to help us focus on, and invest in, the right support. Currently, we offer this self-identification option in 46 countries, including the US. As participation rises globally, we will continue to assess the opportunity to share global data.

#### Insights

- As of June 2023, 8.8% of US employees in our core Microsoft business self-identified as having a disability. This is a 1.0 percentage point increase from 2022.
- Of all US core Microsoft employees, 34.9% completed this portion of the anonymous survey, a decrease of 1.1 percentage points year over year.



"Proud to be one of the 8.8% of US employees who have self-identified with a disability. Our ambition is to represent the population of disabled people around the globe. We take that seriously."

Jenny Lay-Flurrie, Chief Accessibility Officer, Microsoft





"Knowing that the company will adapt to my needs to ensure that I have the best experience possible and that everyone is going to have the best experience possible—that is an inclusive experience."

Thiago Gomes, Director, Planning & Reporting, Microsoft

Learn more about how Gomes <u>opened up to</u> <u>his coworkers about anxiety and ADHD</u>—and discovered support and a better way of working.

Core

## Self-identification in the US



"I believe that sharing your identity is a superpower. It makes room for others to be visible, even if they are afraid to."

Ethan Alexander, Senior Customer Success Manager, Microsoft, and ERG storytelling host

Learn more about Alexander's journey toward presence, gratitude, balance, and driving culture transformation.



#### **Our core Microsoft business**

#### Gender and sexual orientation self-identification

In 26 countries, including the US, we offer employees the choice to identify based on their sexual orientation, gender identity (including options beyond binary gender terms), and/or as transgender. We continue to explore opportunities to increase the number of markets where this self-identification option is offered.

#### Middle Eastern or North African self-identification

We regularly explore expanding self-identification options to allow employees to be more precise about their identity even when government-mandated categories might not. In the US, we follow the official race and ethnicity reporting categories, but those categories are not always precise enough for everyone.

For example, the US counts Middle Eastern and North African people as white. In 2022, we added more options allowing employees the opportunity to specifically identify as Middle Eastern or North African. This helps us get more accurate data and gives our employees a more self-affirming self-identification experience. We aim to expand the detail we share in future reports once we have representative participation in this additional layer of self-identification.

#### Asian representation details\*

The Asian community is the single largest racial and ethnic minority group within our company, representing more than 20 sub-identities with origins in four Asian geographies. In 2022, we expanded the options for Asian employees in the US to identify their backgrounds in additional detail. This year, we're sharing that data to further highlight the importance of identity and the impact of self-identification.

ASIAN SUB-IDENTITY	2023
CENTRAL ASIAN (INCLUDING KAZAKHSTANI AND TURKMENISTANI)	0.3%
EAST ASIAN (INCLUDING CHINESE, JAPANESE, AND KOREAN)	23.6%
SOUTH ASIAN (INCLUDING INDIAN, PAKISTANI, AND SRI LANKAN)	69.8%
SOUTHEAST ASIAN (INCLUDING INDONESIAN, SINGAPOREAN, AND VIETNAMESE)	6.3%

\*Percentages are calculated to the 1/100<sup>th</sup> but rounded and published in 1/10<sup>th</sup>. Totals may not equal 100% due to rounding or because denominators include people who choose not to disclose.

#### Multiracial representation details\*

We recognize that there can be many dimensions to multiracial identity. We offer employees who self-identify as multiracial the option to be more specific about their racial and ethnic identities.

MULTIRACIAL SUB-IDENTITIES	2022	2023
ASIAN	41.0%	34.6%
BLACK AND AFRICAN AMERICAN	29.8%	26.2%
HISPANIC AND LATINX	28.1%	30.1%
NATIVE AMERICAN AND ALASKA NATIVE	12.4%	15.2%
NATIVE HAWAIIAN AND PACIFIC ISLANDER	3.9%	5.5%
wнiте (	76.4%	72.2%
I DON'T WISH TO ANSWER	1.1%	3.6%

\*Percentages are calculated to the 1/100<sup>th</sup> but rounded and published in 1/10<sup>th</sup>. The total doesn't add up to 100% because employees providing multiracial detail may select two races and ethnicities.



#### Inside inclusion spotlight Self-expression in our products

At Microsoft, we know that people produce their best work when they feel they can be themselves and feel accepted for who they are. We create technology platforms that are extensions of our humanity, and our tools help people connect with one another so that they can collaborate, be more productive, and thrive.

As we build our technology, we think about all the complex ways we interact with each other. Users should have control over what they share about their identities in both the physical and digital worlds; it's our role to provide inclusive tools that enable them to express themselves. As we create these tools, we need to understand the complexity of self-expression and approach it thoughtfully and carefully.

Keeping these considerations in mind, we've recently developed self-expression tools in Microsoft 365 so users can better connect with each other and deliver their best work.

#### Profile videos

Microsoft 365 profile videos consist of short, personalized videos created by users to introduce themselves to people they interact with virtually. The videos replicate how people introduce themselves in the real world.

"We do that in real life every time we meet a new person," says Oleg Melnychuk, Principal Design Manager, Microsoft. "When you open someone's profile, you can see for yourself how they introduce themselves. This is a great example of authentic self-expression because they're in control of how they want to present themselves to others."

#### Name pronunciation

Another new tool gives users the opportunity to record the correct way to pronounce their names. "Name is such an important part of our identity," Melnychuk says. "It can be quite upsetting when people mispronounce it."

During development, Microsoft learned from customers that many people avoid using other people's names out of fear of mispronouncing them. Allowing users to specify the way they want to be addressed fosters connections that are much more comfortable and personal.





"Once you know their pronoun, you should use their pronoun. That feels like an important way to show that you're seeing,

hearing, and affirming the people who are in your life, particularly the trans and non-binary people who in any workplace are going to be in the significant minority. It's really important to get it right."

Chase Strangio, Deputy Director for Transgender Justice, American Civil Liberties Union LGBTQ & HIV Project

#### **Pronouns**

Correctly using someone's pronouns is a way to help build trust and improve communication. A new feature offers people the option to specify their pronouns as part of their Microsoft 365 profile and see others' pronouns if they choose to share.

In preparation for the pronoun feature, Microsoft Research Group conducted a series of interviews with LGBTQIA+ communities to find out what would be important to users.

"While pronouns are an inclusive feature for the LGBTQIA+ community, they're also for everyone," Melnychuk says. "This feature will allow us to address people and recognize people the way they want."

Demand for a pronouns feature in Microsoft 365 profiles has been strong, but we've moved with intention in releasing it. "Not all of our identities can be shared all over the world or in every context," notes Lindsay-Rae McIntyre, Chief Diversity Officer and Corporate Vice President of Talent Development, Microsoft.

"Sometimes it's for safety reasons and sometimes for personal privacy. So we took the opportunity to really think hard about how we wanted to give people the experience they want to have, while understanding the magnitude of the day to day."

With people interacting through Microsoft 365 on a global level, users may want to share identities differently for different interactions. Whether or not to publicly display pronouns is always up to an individual, and the tool empowers them to share only what and when they choose.



Learn more about self-expression in our Microsoft Build session.



"This feature has many uses, but at its core, it creates the conditions to help prevent misgendering for transgender and nonbinary people. The impact

of misgendering is well-documented; inclusive products and services are one critical element to supporting a culture where employees are respected and valued in the workplace."

Ashok Kuppusamy, Corporate Vice President, Microsoft 365, Microsoft



Core

## Racial Equity Initiative

We're committed to addressing racial injustice and inequity for Black and African American and Hispanic and Latinx communities in the US and helping improve lived experiences at Microsoft and beyond.

Our Racial Equity Initiative, announced in June 2020, focuses on three multiyear pillars, each containing actions and progress we expect to make or exceed by 2025.

#### **Our Racial Equity Initiative pillars**

- Strengthening our communities: We're using data, technology, and partnerships to help improve the lives of Black and African American people in the US, including our employees and their communities.
- Increasing representation and strengthening a culture of inclusion: We're building on our momentum, adding a \$150 million investment to strengthen inclusion and double the number of US Black and African American and Hispanic and Latinx People Managers, senior Individual Contributors, and senior leaders by 2025.
- Engaging our ecosystem: We're using our balance sheet and relationships with suppliers and partners to foster societal change and create new opportunity.

#### **Our core Microsoft business**

## Progress toward our representation commitments

We've made meaningful progress on growing representation at the Director level and above, driven by a number of intentional efforts, including investment in talent management and a focus on career development by managers across the company. While we're encouraged by this progress, we're committed to continuing to increase representation at all levels and focusing on prioritizing internal development and growth opportunities to do so.

We've been consistent in our commitment to racial equity and inclusion, staying accountable and transparent, demonstrating progress, and identifying areas where we can do more.

#### Insights

#### **Black and African American**

- The number of Directors, Partners, and Executives (including People Managers and Individual Contributors) increased to 107.8% of our 2025 commitment, up from 92.0% in 2022.
- The number of People Managers (below Director level) decreased to 93.0% of our 2025 commitment, down from 116.0% in 2022.

#### **Hispanic and Latinx**

- The number of Directors, Partners, and Executives (including People Managers and Individual Contributors) increased to 74.8% of our 2025 commitment, up from 57.6% in 2022.
- The number of People Managers (below Director level) decreased to 27.3% of our 2025 commitment, down from 46.5% in 2022.

#### Learning and development

- For required D&I learning courses on allyship, covering, privilege, and unconscious bias in the workplace, the average Microsoft employee completion rate was 99% overall. These concepts form the basis of shared language and understanding that build the foundation for long-term habit formation and change throughout the organization.
- We offer the Race and Ethnicity Learning Pathways as one of our personalized, voluntary D&I learning experiences for employees.
- Aligned to our commitment to ensure equitable access to opportunity, we're encouraged by the robust and holistic leadership development opportunities available to Microsoft employees to deepen their understanding of career options and pathways, supported by managers who are invested in the success of all employees thriving at Microsoft.

Read more about our <u>commitments and updates on our progress</u> across the Racial Equity Initiative pillars.



## Inside inclusion spotlight Innovative learning

At Microsoft, we create tailored, customized, expert- and community-informed D&I learning so that employees can deepen their understanding and take intentional action for meaningful progress.

This includes required learning for all employees on the concepts of allyship, covering, unconscious bias, and privilege. We introduced personalized D&I Learning Pathways in 2021 and have continued to augment our offerings since. Learners can choose different pathways that cover D&I basics, core D&I concepts, or identity-based topics, including race and gender. These pathways offer foundational knowledge, awareness, practical skills, and the opportunity to engage in discussion via Microsoft forums.

More than 20,000 Microsoft learners have actively participated in Learning Pathways, and their positive feedback underscores the significant impact and enriching experiences this initiative has offered.

We've actively listened to feedback and responded to our workforce's need for spaces dedicated to practicing and applying new learnings. We've harnessed technology to introduce immersive simulated workplace scenarios where employees can practice their skills, receiving real-time feedback that fosters lasting behavior change. Our initial D&I simulation covers essential topics such as allyship, bias, microaggressions, and the cultivation of inclusive team environments.

"When we start exploring the concept of allyship and its associated obstacles, the primary barrier we encounter is fear of getting it wrong," explains Diana Navas-Rosette, General Manager, Global D&I Solutions, Communities, and Activation, Microsoft. "We set out to create an experience that would give employees a learning environment that allowed them to embrace their growth mindset, have permission to get it wrong, and then learn and try again. This low-risk approach to learning fosters curiosity while developing skillsets necessary for progress."



"We're leveraging technology in a way that allows us to continue to empower employees to own their D&I journey."

Diana Navas-Rosette, General Manager, Global D&I Solutions, Communities, and Activation, Microsoft



The first simulation was launched at the end of April, and early response from users has been positive. We'll continue to add simulations on other topics, including generational differences and religion and faith, as we grow this approach to D&I skill building.

#### Learning opportunities around religion and faith

For many people, religion and faith are an essential part of their identity. Religiously affiliated people represented <u>84%</u> of the <u>2010 world population</u>, and most major religions and folk religions are poised for growth in the next 25 years.

As we continue to benchmark with other companies and listen to Microsoft employees on opportunities to expand D&I work globally, we've been exploring the topics of religion and faith in the workplace. This is a global conversation that pushes us to deepen our understanding around the global and regional similarities and differences present in the religion and faith experience.

Microsoft has partnered with the Tanenbaum Center for Interreligious Understanding to evolve this conversation. We began this public conversation at Include 2021, a global D&I event with our ecosystem and employees, by engaging with experts to learn.

This year, as we continue to evolve our conversations around religion and faith in the workplace, we've partnered with external experts to introduce the Religion and Faith at Work Learning Pathway, designed to help employees understand and support coworkers for whom religion and faith are key parts of their identities. Ultimately, our Microsoft values are the guide for how we engage with one another on this topic.

"This is about growth mindset," says Ahmed Mazhari, President, Microsoft Asia, and CEO Inclusion Council member representing religion and faith at work. "That means understanding a viewpoint that's different from yours. There's still a little bit of a taboo on speaking about religion and faith in the workplace. We want to allow for a platform where people can start to communicate and learn."

To further the work, we're also developing a toolkit that offers further resources to help people dive deeper into allyship and inclusion in the space of religion and faith. Currently being piloted in the United Kingdom, Ireland, and the Netherlands, the toolkit will be available more widely during the 2024 fiscal year.

By recognizing the significance of religion and faith in our D&I efforts, we're expediting our progress towards the ultimate objective of establishing an environment where employees feel valued and respected across every facet of their identity.



"Every once in a while, I hear an employee come to Microsoft and say, 'Wow, this is amazing that we're actually having these conversations. I haven't felt

supported in other places.' My hope is that we're able to help all of our employees feel like they're empowered, they're heard, that they matter, and open up an opportunity for each of them to be an ally to each other."

Jon Friedman, Corporate Vice President of Design & Research, Experience Collective, Microsoft, and CEO Inclusion Council member representing religion and faith at work



## Exits

In 2022, we began reporting data on workforce exits of employees who have left the core Microsoft business voluntarily or involuntarily, by women and men globally and by race and ethnicity in the US. These numbers reflect the exits by members of a particular group as a percentage of total employee exits within the respective year.

Keeping exits representation lower than headcount representation is one of the factors that could increase a group's representation.

#### **Our core Microsoft business**

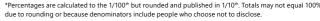
#### Insights

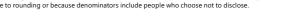
- For women employees, exits representation of 31.0% was 0.2 percentage points less than headcount representation of 31.2%.
- For Asian employees, exits representation of 31.7% was 5.1 percentage points less than headcount representation of 36.8%.
- · For Black and African American employees, exits representation of 8.7% was 2.0 percentage points greater than headcount representation of 6.7%.
- Exits representation for Hispanic and Latinx, Native American and Alaska Native, and Native Hawaiian and Pacific Islander employees was equal to headcount representation in 2023.

#### Exits representation for 2022 and 2023\*

GLOBAL DATA	2022	2023
WOMEN	27.6%	31.0%
MEN	72.4%	69.0%

US DATA	2022	2023
ASIAN	38.3%	31.7%
BLACK AND AFRICAN AMERICAN	5.9%	8.7%
HISPANIC AND LATINX	7.1%	8.0%
NATIVE AMERICAN AND ALASKA NATIVE	0.5%	0.4%
NATIVE HAWAIIAN AND PACIFIC ISLANDER	0.3%	0.2%
WHITE	44.8%	48.0%
MULTIRACIAL	3.0%	2.9%





Core

#### Hires

This year we're reporting data on external hires for the first time, by women and men globally and by race and ethnicity in the US. These numbers reflect the hires of members of a particular group as a percentage of total employee hires within the respective year.

Hires representation being higher than headcount representation is one of the factors that could increase a group's representation.

While overall hiring volume slowed this year, inclusive hiring remained a priority where we did hire.

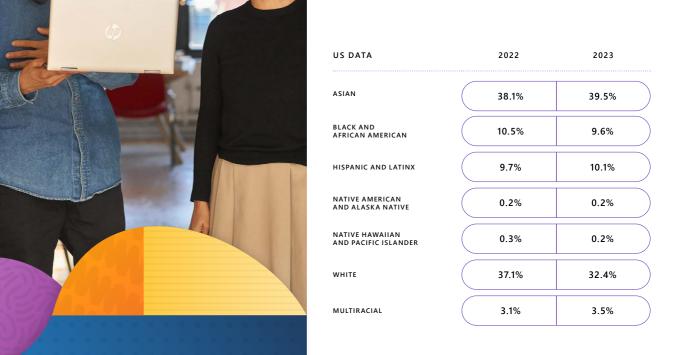
#### **Our core Microsoft business**

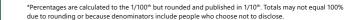
#### Insights

- For women employees, hires representation of 35.5% was 4.3 percentage points greater than headcount representation of 31.2%.
- For Asian employees, hires representation of 39.5% was 2.7 percentage points greater than headcount representation of 36.8%.
- Hires representation for Black and African American employees was 9.6%, 2.9 percentage points higher than headcount representation of 6.7%.
- Hires representation for Hispanic and Latinx employees was 10.1%, 2.1 percentage points higher than headcount representation of 8.0%.
- For multiracial employees, hires representation of 3.5% was 0.8 percentage points greater than headcount representation of 2.7%.



GLOBAL DATA	2022	2023
WOMEN	33.3%	35.5%
MEN	66.7%	64.4%





## Pay equity

At Microsoft, we're committed to the principle of pay equity. Pay equity accounts for factors that legitimately influence total pay, including things like job title, level, and tenure. Our pay equity analysis adjusts for these factors in support of our commitment to pay employees equitably for substantially similar work.

## Total pay

This pay equity data represents total pay. Our total pay analysis considers base, annual bonus, and stock awards at the time of annual rewards for rewards-eligible employees.\*

#### **Our core Microsoft business**

RACIAL AND ETHNIC MINORITY GROUPS IN THE US

\$1.007

As of September 2023, inside the US, all racial and ethnic minority groups who are rewards eligible combined earn \$1.007 total pay for every \$1.000 earned by US rewards-eligible white employees with the same job title and level and considering tenure.

Specifically, for those who are rewards eligible, US Black and African American employees earn \$1.004; Hispanic and Latinx employees earn \$1.004; and Asian employees earn \$1.012 for every \$1.000 earned by US rewards-eligible white employees with the same job title and level and considering tenure.

WOMEN IN THE US

\$1.007

WOMEN OUTSIDE THE US

\$1.003

As of September 2023, inside the US, women who are rewards eligible earn \$1.007 total pay for every \$1.000 earned by rewards-eligible employees who are men and have the same job title and level and considering tenure.

As of September 2023, outside the US, women who are rewards eligible earn \$1.003 total pay for every \$1.000 earned by men who are rewards eligible with the same job title and level and considering tenure in these combined geographies.

Aligned with last year's report for pay equity data outside the US, we have included all countries/regions with 30 or more employees and at least five men and five women to ensure statistical reliability.

This year, that means we're reporting on 59 countries/regions outside the US.\* The employee population of these 59 countries/regions plus the US population represents 99.8% of our global Microsoft workforce.

<sup>\*</sup>Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Costa Rica, Croatia, Czechia, Denmark, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Jordan, Kenya, Korea, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Nigeria, Norway, Peru, Philippines, Poland, Portugal, Puerto Rico, Qatar, Romania, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, and Vietnam in addition to the United States

## Median unadjusted pay analysis

To further highlight the opportunity to continue to make progress on representation at all levels of the company, we voluntarily disclose the unadjusted differences in median total pay at Microsoft.

#### **Our core Microsoft business**

#### Pay equity analysis (adjusted pay) vs. median unadjusted pay analysis

There are a number of factors that legitimately influence total pay, including things like job title, level, and tenure. The analysis that takes all of those factors into account is referred to as pay equity analysis or adjusted pay analysis. This supports our commitment to pay employees equitably for substantially similar work.

We've voluntarily reported our pay equity figures since 2016, and while pay equity is a critical factor, it's only one factor in how we think about D&I progress. We also look to any differences in median pay when we don't adjust for things like job title, level, and tenure.

Median unadjusted pay analysis gathers the total pay amounts for all employees across a company, regardless of factors such as job title, level, or tenure, sorts those amounts by value, and then identifies the number that's in the middle, or median, of all of those data points. The difference between that median pay amount for any two employee groups is referred to as a median unadjusted pay gap.

Reviewing any differences gives another insight into representation across the company. We're making meaningful progress on representation, and to ensure we continue to improve, we started voluntarily sharing information on differences in median unadjusted pay figures in 2022.

For employees in the US who are eligible for rewards, the September 2023 median unadjusted pay analysis shows total pay for women is 90.3% of total pay for men.\* For employees outside of the US who are eligible for rewards, the September 2023 median unadjusted pay analysis shows that the total pay for women is 87.5% of total pay for men.

For employees in the US who are eligible for rewards, the September 2023 median unadjusted pay analysis shows that the total pay for racial and ethnic minority groups is 90.6% of total pay for white employees.

Specifically, for employees in the US who are eligible for rewards, the September 2023 median unadjusted pay analysis shows that the total pay for Asian employees is 94.7%; for Black and African American employees is 78.2%; and for Hispanic and Latinx employees is 83.5% of the total pay for white employees.

As we continue to increase representation for women and racial and ethnic minority groups at more senior levels, and continue to ensure pay equity for all, the gap between the medians will reduce. This additional data transparency will help us continue to strengthen our commitment to increasing representation at all levels and in all roles.

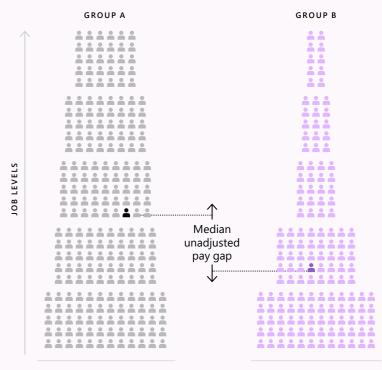
#### How representation affects differences in median unadjusted pay

#### Understanding median pay

The median is the middle value of a data set. Therefore, median pay for a group of employees represents the value where half of the employees in that group are paid higher than that point and half of the employees in that group are paid lower.



Understanding median unadjusted pay analysis A median unadjusted pay gap is the difference in median total pay between any two employee groups.



#### NUMBER OF GROUP MEMBERS IN EMPLOYEE POPULATION

Example only. These graphics are for illustrative purposes only and do not represent any specific community or employee group.

ore

## Inside inclusion spotlight **D&I Core Priority**

At Microsoft, in order to achieve our mission and business ambitions, we expect every individual to actively participate in creating a culture of diversity and inclusion. To foster accountability, all employees are expected to set an annual performance and development goal related to D&I, known as the D&I Core Priority.

"The D&I Core Priority is how we create shared responsibility for our diverse and inclusive culture," says Kate Chevarley Vong, Senior Director of Global Performance & Development, Microsoft. "It's fully embedded in how we think about performance and development at Microsoft."

"For every employee at Microsoft, the D&I Core Priority is a set of actions based on ongoing personal reflection," adds Claudia Caryevschi, Senior Global D&I Program Manager, HR Integration, Microsoft. "It includes an intentional discussion with their manager about how they can make themselves, our company, and our world more inclusive. This process not only promotes individual growth but also provides an opportunity to recognize and appreciate employees' efforts in driving positive change."

When employees create their D&I Core Priority, they reference our One Microsoft D&I Plan, which sets the company-wide priorities and expectations for employees at all levels on how to make an impact here. Everything we do connected to D&I is part of this overarching strategic framework, whether it's tapping into learning opportunities, nurturing allyship behavior, facilitating critical discussions, or leveraging feedback to learn and improve.

Each employee personalizes their D&I Core Priority to align with their role and interests by following three main steps:

- Decide on focus areas. Examples include developing or implementing inclusive products, processes, or practices, actively participating in Employee Resource Groups, or practicing allyship skills in the moment.
- Define success. If an employee chooses, for example, to practice allyship, success could involve completing a Learning Pathway on the topic, demonstrating how they applied their learnings, and investing in open dialogue and connection with other employees.
- Summarize impact. In preparation for their performance and development conversation, employees are asked to reflect on their impact. An employee practicing allyship, for instance, might include examples of how they've strengthened team connections through vulnerability, consistency, psychological safety, and honoring differences.

We've been focused on continuously improving the D&I Core Priority based on user feedback since it was initially introduced in September 2018.

In 2022, Microsoft released improvements to our performance and development experience to support more meaningful performance and development conversations between managers and employees. This included a redesign of the D&I Core Priority to bring additional clarity to employees on how they can intentionally activate D&I in their work.

The update allows employees to choose from multiple D&I focus areas to explore what they're most interested in. Additionally, we've introduced new guidance for employees on how to define and deliver successful impact for their D&I Core Priority, with examples of how to activate it.

As a best practice, People Managers and leaders are encouraged to lead by example, emphasizing the importance of thoughtfully setting and activating their D&I Core Priority. "This makes clear this is important for everyone and that we all have a responsibility to drive D&I through our work, day to day," according to Caryevschi.

Data shows that the quality of D&I Core Priority inputs in our performance and development system has improved since these updates were made. Annual survey results show that employees largely understand how to drive impact with the D&I Core Priority and are eager for even more coaching on how to contribute to a diverse and inclusive Microsoft.



"People want to know what they can do that's intentional and authentic to help drive progress. We have so many ways that employees can

explore inclusion; the D&I Core Priority provides the examples, the structure, and the guidance so they understand how to make an impact. We can seek out creative and personal ways to engage. One action I took this past year was to host a gathering at our annual Microsoft Build event where luminaries from global Black and African American communities explored the future of AI and opportunities for bringing people together. Fostering the conversation between the community and Microsoft helped support our collective learning and potential impact on the world."

Merrie Williamson, Corporate Vice President, Azure Infrastructure and Digital Apps Innovation, Microsoft, and BAM executive sponsor



"It's the small micro-moments around being inclusive that really bring the D&I Core Priority to life every day—ensuring everyone's voice is heard, respecting cultural differences and celebrating the diversity of these, listening actively, giving people credit, and making sure people are included."

Fiona Carney, Chief Marketing Officer, EMEA, Microsoft



## **Employee Signals and thriving**

It's important for us to know how our employees feel about their experience at Microsoft. We capture their sentiment in several different ways so we can take informed action to continue to improve.

One way we listen to our workforce is through Employee Signals, a twice-yearly survey focusing on the employee experience. This frequency helps us stay close to employees' feedback and respond in a timely way.

This year, inclusion was one of the top Microsoft strengths highlighted by Employee Signals respondents, and our research showed that D&I was a driver of employees' thriving. D&I was also a key theme when employees were asked what they enjoy most about working at Microsoft.

#### **Our core Microsoft business**

#### Thriving

Within Employee Signals, we focus on thriving, which we define as "being energized and empowered to do meaningful work."

#### We survey employees on three dimensions of thriving:

- · Feeling energized
- Feeling empowered
- Doing meaningful work

This is designed to measure employees' sense of purpose, which is important to personal and professional fulfillment. We calculate average scores based on participants' responses on a five-point scale ranging from "Strongly disagree," which eguals a score of 0, to "Strongly agree," which equals a score of 100. An average score of 75, for example, indicates that on average, employees "Agree" with a sentiment.

#### Insights

- Global thriving scores decreased by 1 point from last year to 76. US scores remained flat at 76.
- This year's global score of 76 was made up of an average of energized (72), empowered (77), and meaningful work (80). We still have room to improve, especially with feeling energized.
- Men's thriving scores remained flat year over year at 77, while women's scores decreased from 77 to 75.
- Thriving scores for Asian and Native Hawaiian and Pacific Islander employees increased year over year; Black and African American, Hispanic and Latinx, and white employees' scores decreased; Native American and Alaska Native and multiracial employees' scores remained flat.

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#### Employee Signals 2023 survey results\*

GLOBAL DATA	THRIVING	ENERGIZED	EMPOWERED	MEANINGFUL WORK
WOMEN	75	71	76	79
MEN	77	73	78	81
US DATA	THRIVING	ENERGIZED	EMPOWERED	MEANINGFUL WORK
ASIAN	77	73	78	80
BLACK AND AFRICAN AMERICAN	77	71	79	80
HISPANIC AND LATINX	$\pi$	71	79	80
NATIVE AMERICAN AND ALASKA NATIVE	76	73	75	79
NATIVE HAWAIIAN AND PACIFIC ISLANDER	78	74	79	80
WHITE	74	69	75	79
MULTIRACIAL	73	67	75	76

\*Data visualization on this page is not to mathematical scale

Core

### Inclusion

While increasing representation is important to our D&I goals, strengthening inclusion is equally crucial. Understanding the level of inclusion employees feel is key to closing the gap between the culture we aspire to and the lived experience of every person at Microsoft.

To measure our collective efforts, we focus on the following sentiments in Employee Signals:

- Inclusive team: "I feel included in my team."
- Contribute to D&I: "I understand what is expected of me on a daily basis to contribute to a diverse and inclusive Microsoft."

Employees respond to these statements on a five-point "Strongly disagree" to "Strongly agree" scale. Both items signal whether our collective efforts enable everyone to feel included and deepen individual and organizational D&I awareness, acumen, and adoption.



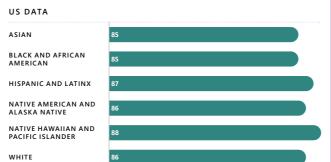
#### **Our core Microsoft business**

#### Employee Signals 2023 survey results\*

#### Inclusive team

- The global "Inclusive team" average score remained unchanged year over year at 86.
- The US score increased by 1 point to 86.
- Scores remained flat or increased year over year for men, women, and every race and ethnicity.

## GLOBAL DATA WOMEN 85 MEN 87



#### Contribute to D&I

- The average "Contribute to D&I" score increased from 82 to 84 globally.
- The average US score increased from 80 to 83, an improvement we consider meaningful.
- The average score increased year over year for men, women, and every racial and ethnic group.

#### GLOBAL DATA

WOMEN	84
MEN	84

#### US DATA

ASIAN	83
BLACK AND AFRICAN AMERICAN	83
HISPANIC AND LATINX	85
NATIVE AMERICAN AND ALASKA NATIVE	82
NATIVE HAWAIIAN AND PACIFIC ISLANDER	85
WHITE	83
MULTIRACIAL	82

Employee Signals analyses suggest that team collaboration, shared understanding of priorities, ability to work as a team in a hybrid environment, and team accountability to improve culture are significant drivers of inclusion. This implies that a focus on cultivating strong team-level sentiment is impactful for creating and supporting positive work environments.



\*Data visualization on this page is not to mathematical scale.

MULTIRACIAL

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Core

## Employee feedback

Along with Employee Signals, we use many other formal and informal feedback mechanisms to help us better understand the lived experiences of employees. This feedback gives us critical insights that inform the evolution of our programs as well as how we hold leaders and managers accountable for driving change on D&I.



#### **Our core Microsoft business**

#### Sample feedback sources

- Daily Signals, a short survey sent to a random sample of 2,500 employees each business day
- Leadership Signals, a survey that provides insights to senior leaders at the Partner and Executive levels and above about how employees view their effectiveness
- Employee lifecycle surveys, such as onboarding, exit, and internal mobility surveys, that help us understand key moments in employees' careers
- Location-specific surveys to understand the experiences of employees in different parts of the world
- The Manager Feedback Tool, designed for employees to provide feedback on how their managers are doing on model, coach, and care behaviors
- ERGs, which provide community perspectives and critical feedback
- Viva Engage, our internal social platform, which enables employees to engage in discussions about important issues
- Viva Insights, a tool that helps us understand how people collaborate
- AskHR, our frontline HR support team, which collects feedback from employees
- Focus groups, which we host on a wide range of topics, from the evolution of our company culture to the benefits and services that would be most meaningful to the communities within Microsoft



## Critical perspectives Inclusion is Innovation

At Microsoft, we believe it's important to create space for employees to share their lived experiences, and we recognize that storytelling plays a key role in deepening our understanding of one another and building empathy. This year, employees in many roles from around the globe have shared powerful stories through our <u>Inclusion is Innovation</u> portal, which explores our commitment to address the systemic and cultural complexity of diversity and shows what's possible when people are included.



Sopheak Neak
Business Program Manager,
Device Partner Systems &
Tools, Microsoft

"When I start a project, I immediately ask, 'Are we missing anyone?' Working at Microsoft, I don't just bring my problem-solving skills; I bring my background and my collective self."

Learn more about Neak's journey to the US from Cambodia as a child and his

experience <u>embracing his identity and creating</u> <u>community</u> at Microsoft.



Funmi Omoloki Senior Azure Data & Al Specialist, Software & Digital Platforms, Microsoft

"When there isn't enough representation, sometimes it's hard to dream or to even get to the place you would like to get to. It's become easier for people coming after me, coming after you, to be able to say, 'I can see this person has done it; that means I can do it too."

Learn more about Omoloki's journey to become a data and AI specialist and

how her family's roots in Nigeria helped fuel her values and passion around storytelling.



Estefania (Fany) Canosa Director, Human Resources, Microsoft Latin America

"When I think about inclusion, I think about empathy. For instance, you can run a meeting and just talk to yourself. But if you care about inclusion, you are thinking about the person in the meeting who's silent. How are they feeling? It's considering every person and making sure they have the opportunity to be part of decision-making."

Learn more about Canosa's approach

to <u>taking on new challenges and advocacy</u> around balancing work and family.



Ilyas Fakir Mohamed Sr. Program Manager, Technical Program Management, Microsoft

"It's very fulfilling when we enable others, when we see others succeed. We support each other, we learn from each other, we share interesting stories about the challenges that we are solving."

Learn more about how Mohamed solved a problem through a cloud event in Chennai that built transformative connections and helped

**people with many different skills** and experiences grow and learn.

Core

## Employee Resource Groups

Since 1989, Employee Resource Groups (ERGs) at Microsoft have provided critical support for employee communities to feel more connected, supported, and included.

ERGs are employee-led and centrally funded with support and governance from the Global Diversity & Inclusion team. They're integral to the way we activate D&I at Microsoft.

#### The nine ERGs at Microsoft are:

- Asians at Microsoft
- BAM (Blacks at Microsoft)
- Disability at Microsoft
- Families at Microsoft
- GLEAM (Global LGBTQIA+ Employees and Allies at Microsoft)
- HOLA (Hispanic and Latinx Organization of Leaders in Action)
- Indigenous at Microsoft
- Military at Microsoft
- Women at Microsoft

#### **Our core Microsoft business**

Here are examples of how ERGs activated this past year for support, engagement, advocacy, and impact inside and beyond Microsoft:

- Asians at Microsoft was awarded the ERG Impact
   Award by Ascend in the category of "Fostering
   Inter-Asian and/or Cross-Culture Allyship," reflecting
   the work of the ERG in supporting the community
   during times of crisis as well as efforts in intersectional
   programming and support for other ERGs.
- Each year, BAM Minority Student Day attracts hundreds of students from all over the US and provides them the opportunity to explore Microsoft products and technologies, network with Microsoft employees of all backgrounds, and hear from remarkable speakers.
- Disability at Microsoft awarded eight education scholarships totaling \$160,000 this past year. This fundraising goes directly to helping close the disability divide by supporting the enrollment of people with disabilities in higher education, creating pathways, and increasing access to careers in technology.
- HOLA, in partnership with the Global Talent and Acquisition (GTA) team, supported Microsoft's engagement at the 2022 Society of Hispanic Professional Engineers National Convention. ERG leaders and SHPE members organized a panel discussion, a workshop focused on innovation trends in the industry, and a networking event that brought in over 350 attendees.

- Indigenous at Microsoft helped Microsoft orchestrate its first Haka, a traditional Maori performance originating from New Zealand comprising vigorous dance and chant. Haka is deeply rooted in Maori culture and holds significant cultural, historical, and social importance.
- Women at Microsoft hosted a 1:1 mentorship program with more than 300 participants. In a participant survey gauging impact, 95% of mentees "Strongly agree" or "Agree" that they experienced growth from their mentorship facilitated by the ERG.



"I am thankful that at Microsoft we have such vibrant, welcoming ERGs. The Families ERG has been a great resource in both broadening my

knowledge on parenting and caregiving topics and understanding the many forms that families take, as well as providing me an opportunity to bring a more personal side of myself to work. ERGs play a significant role in laying the foundation for our culture at Microsoft, one where we all can be our authentic selves."

Brett Ostrum, Corporate Vice President, Surface, Microsoft, and executive sponsor of Families at Microsoft

#### Intentional action for meaningful progress

At Microsoft, ERGs are for everyone. ERG Engage, a company-wide event held in April, brought employees together around the globe to learn and engage with the nine company-wide ERGs and accelerate their individual diversity and inclusion journeys. This provided space for employees, ERGs, thought leaders, and company leadership to connect, share critical conversations about issues impacting their communities, and celebrate progress.

Together with guest speakers, employees explored a range of topics to better understand the lived experiences of people across identities, gain insights into how D&I shows up in different parts of the world, and find out what matters most for employees.

#### Examples of these sessions include:

- A conversation on decriminalizing LGBTQIA+ identity in India led by the GLEAM ERG
- A discussion exploring how to manage boundaries and relationships led by the Families ERG
- A conversation about persistence, access, and learning from failure led by the Military ERG

Of the employees who participated in ERG Engage, 90% reported that they were made aware of key issues for multiple communities and 77% felt empowered to deepen their allyship journey.

#### Inside inclusion spotlight Al and D&I

Al has the potential to be the most impactful technological advancement of our lifetime. At Microsoft, we believe that when you create technologies that can change the world, you must also ensure that the technology is used responsibly.

One of the ways we do this is by keeping D&I central to our innovation in this space. Representation across the Microsoft teams that are envisioning and building AI is crucial so that we develop the technology in a way that reflects all users and strengthens inclusion. To this end, we ensure that leaders who are making the decisions about these teams and products have the tools to understand issues of privilege, power, and bias. We do this through our company-wide D&I learning opportunities and one-on-one engagement and coaching for leaders to help them dive deeper into D&I concepts. Our ultimate aim is to be trustworthy stewards of this powerful technology.



Ashley Llorens Distinguished Scientist and Managing Director, Microsoft Research Outreach, Microsoft

"It's so important that the future of AI and society is a broad conversation that's inclusive," says Ashley Llorens, Vice President, Distinguished Scientist and Managing Director, Microsoft Research Outreach, Microsoft. We need a vibrant and diverse set of folks contributing to the advancement of science and technology, bringing different perspectives, lived experi-

ences, societal contexts, and a range of human abilities to the advancement of those frontiers."

To ensure that AI systems foster equity and empowerment for everyone, inclusiveness is one of the core principles in our Responsible AI Standard, a framework for how to develop and deploy AI systems.

As the pace of innovation and potential for AI grows, we're considering the implications of our AI being applied across a range of social and economic contexts. One of the key considerations is how we advance the state of Al while also being inclusive, and to inform this we're engaging stakeholders to better understand the challenges and opportunities of AI globally.

Recently, we partnered with the **Strategic Foresight Hub** at the Stimson Center to advance a discussion on Al applications and evaluate the impacts. We've established a fellowship program to convene a group of thought leaders from countries across the globe and spanning the civil and private sectors and academia to drive conversations on responsible AI that reflect regional perspectives and social and cultural contexts. Fellows are considering a range of issues connected to the Al conversation, from gender-related issues in Mexico to Indigenous rights across the US.



#### Digital upskilling

Working closely with our customers, we're developing solutions that empower underrepresented people and communities through digital upskilling so they can thrive.

- · Of the neurodivergent population in the US, unemployment runs at least as high as 30% to 40% due to barriers that are often overlooked by neurotypical people. Mentra's Microsoft Al-powered job-matching platform connects neurodivergent job seekers with suitable opportunities, emphasizing their strengths and skills.
- The Microsoft Al School by Simplon fosters diversity among Europe's digital workforce and fills significant labor and gender gaps by helping women, refugees, people with disabilities, and those seeking second careers enter the world of Al.
- · This summer, we launched a new AI Skills Initiative to help people and communities around the world, especially those with backgrounds traditionally excluded from tech, stay ahead of emerging skills gaps and take advantage of AI technologies. The initiative includes free coursework developed with LinkedIn, including the first professional certificate on generative Al in the online learning market.

#### Increasing accessibility

Al is behind some of the biggest strides we've made in accessibility. As Microsoft stays committed to empowering people across the spectrum of disability, our product offerings consist of a range of accessibility solutions to help organizations create more accessible and inclusive experiences for their users. These include speech-to-text and captioning, Narrator, and Immersive Reader to name a few—all of which support people with disabilities to work, live, and play.

Through the accessibility innovation program, we invest in impactful ideas that are either developed by or in collaboration with individuals with disabilities. Al technology is a key focus area where innovating through the lens of disability is accelerating, including the Seeing Al app, which supports people who are blind or have low vision with tasks such as identifying currency or reading menus. It currently supports 19 languages: English, Czech, Danish, Dutch, Finnish, French, German, Greek, Hungarian, Italian, Japanese, Korean, Norwegian Bokmål, Polish, Portuguese, Russian, Spanish, Swedish, and Turkish.



"Microsoft is committed to advancing AI safely and responsibly so that people around the world can realize its benefits. We strive to not only meet what is asked of us, but go further to support our customers and society more broadly. Our partnership with the Stimson Center reflects this commitment and our efforts to carefully consider the nuanced social, economic, and environmental contexts in which Al systems are deployed."

Natasha Crampton, Vice President, Chief Responsible AI Officer, Microsoft



## Recognition

We invest in our D&I work with the aim of making internal progress, not gaining accolades. We recognize, though, that third-party assessments can offer an objective view of how we're measuring up to our D&I commitments. These appraisals can help different stakeholders including current and potential employees and partners understand our D&I work better. We always welcome feedback that can help us learn and grow.



#### **Our core Microsoft business**

#### Comparably's Best Global Company Culture 2023

Awarded March 2023

#### Comparably's Best CEOs for Diversity 2023

Awarded June 2023

#### Disability: IN Best Places to Work for Disability Inclusion 2023

Awarded July 2023

#### Diversity Global's Top 15 Champions of Diversity 2023

Awarded September 2023

#### Fast Company Innovation by Design 2023

Awarded August 2023

#### Forbes America's Best Employers By State 2023

Arizona, California, Colorado, District of Columbia, Florida, Georgia, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, Washington, Wisconsin

Awarded August 2023

Forbes America's Best Employers for New Grads 2023

Awarded May 2023

Forbes America's Best Employers for Women 2023

Awarded July 2023

Forbes America's Best Large Employers 2023

Awarded February 2023

Forbes Canada's Best Employers 2023

Awarded January 2023

Forbes World's Best Employers 2022

Awarded October 2022

Glassdoor's Best Places to Work 2023

Awarded January 2023

Indeed's Better Work Awards 2023

Awarded September 2023

JUST 100 by JUST Capital 2023

Awarded January 2023

Randstad Most Attractive Employers in India 2023

June 2023

**TIME 100 Most Influential Companies 2023** 

Awarded June 2023

**TIME World's Best Companies 2023** 

September 2023



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