

# MICROSOFT CORPORATION 2022 SUSTAINABILITY REPORT

## INTRODUCTION

Microsoft Corporation (NASDAQ: MSFT) is committed to transparency and accountability in its sustainability efforts. This report summarizes the company's sustainability performance for the year 2022, adhering to recognized standards including the GRI Core Option, SASB for Software & IT Services, and aligning with the Task Force on Climate-related Financial Disclosures (TCFD). The focus areas include environmental impact, governance practices, and third-party verification to ensure the integrity of reported information.

## ENVIRONMENTAL PERFORMANCE

In 2022, Microsoft continued its journey toward reducing environmental impacts by implementing substantial initiatives aimed at lowering its carbon footprint and promoting sustainable resource use.

- **Carbon Footprint:** The reported greenhouse gas emissions for 2022 amounted to 12.0 million metric tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e). Microsoft is actively working to reduce this footprint through energy efficiency, renewable energy procurement, and carbon offset projects.
- **Renewable Energy Consumption:** The company successfully sourced 60% of its total energy consumption from renewable sources. This transition supports global efforts to reduce reliance on fossil fuels and advance clean energy solutions.
- **Water Management:** Water stewardship is a key environmental responsibility, with 8.7 million cubic meters of water recycled in 2022. This contributes to sustainable water use and the mitigation of water scarcity risks in operational regions.

## GOVERNANCE AND OVERSIGHT

Effective governance underpins Microsoft's sustainability and corporate responsibility strategies. The company integrates environmental, social, and

governance (ESG) considerations into its business practices through robust oversight and inclusive policies.

- **Board Diversity:** In 2022, women and ethnic minorities represented 45% of the board membership, reflecting Microsoft's dedication to diversity, equity, and inclusion at the highest levels of leadership.
- **ESG Oversight Committee:** Microsoft's Sustainability Committee, a specialized board-level group, is responsible for the oversight of ESG initiatives, ensuring consistent progress and alignment with long-term corporate and societal goals.

## STANDARDS AND VERIFICATION

To maintain credibility and stakeholder trust, Microsoft subjects its sustainability data to third-party verification and aligns with international reporting frameworks.

- **Reporting Standards:** This report follows the Global Reporting Initiative (GRI) Core Option, emphasizing comprehensive disclosure on material sustainability topics. It also complies with the Sustainability Accounting Standards Board (SASB) criteria specific to the software and IT services sector, enhancing sector relevance and comparability.
- **TCFD Alignment:** Microsoft's commitment to climate-related financial disclosures is aligned with TCFD recommendations, addressing the financial impacts of climate change and associated risks and opportunities.
- **Third-Party Assurance:** PricewaterhouseCoopers Limited (PwC) provided limited assurance on key metrics including Greenhouse Gas Emissions and Diversity Data, enhancing reliability and transparency.

## CONCLUSION

Microsoft Corporation's 2022 sustainability report highlights significant progress in reducing environmental impacts, strengthening governance, and upholding transparency through recognized standards and external verification. As the company advances, it remains dedicated to innovative solutions and partnerships that drive positive environmental and social outcomes.