

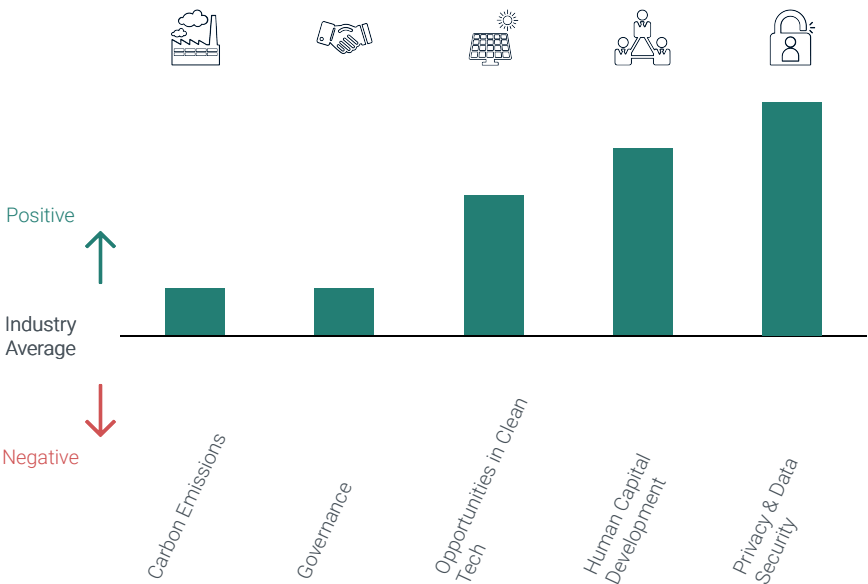
# MICROSOFT CORPORATION (MSFT)

Software & Services | US

Continues to lead in privacy and data security despite SolarWinds hack

## Score attribution by key issue

This chart highlights the company's positioning relative to the industry average for each Key Issue that contributed to its ESG Rating as of November 19, 2021.



## Last ESG Rating action

Rating action date: March 12, 2021

Microsoft's rating is unchanged at 'AAA'.

Microsoft's enterprise and consumer solutions position it well for the accelerated digital transformation of workplaces. This trend, however, brings into focus its privacy and data security practices. Microsoft was impacted by the SolarWinds attack in 2020 (see controversies report). The company maintains robust cybersecurity threat management practices and is one of the few software companies to explicitly commit to privacy-by-design principles.

- Microsoft is widely held and follows the 'one share one vote' principle, which sets it apart from many industry peers where founders wield disproportionate voting power relative to their economic stake. Founder Mr. Bill Gates stepped down from his non-executive board position in 2020, making the board completely independent of management, except for CEO Mr. Satya Nadella.
- We note substantial (28%) support for a shareholder proposal in AGM 2020 to disclose Microsoft's gender pay gap. While the company has a recent history of discrimination lawsuits, training, programs, and detailed quantitative disclosure around diversity and inclusion suggests Microsoft has taken ownership of these issues. In 2020, gender diversity at the board level reached 41% (vs. MSCI ACWI industry average of 23.67% in the same year).
- Microsoft's substantial R&D capability (R&D/sales ratio ~15% in 2020), and its involvement and strategic focus in several clean technology fields, may position it well for low-carbon-economy opportunities.

Analysts: Reshmi Pillai, Andrew Young

# MSCI

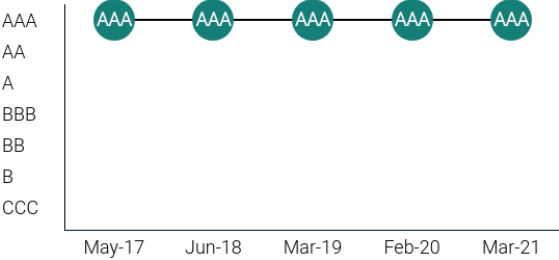
## ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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LAST UPDATE: November 19, 2021

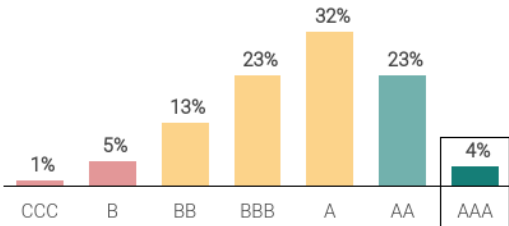
## ESG Rating history



ESG Rating history shows five most recent rating actions

## ESG Rating distribution

Universe: MSCI ACWI Index constituents, Software & Services, n=152



## Key scores

	Weight	Score (0-10)
Industry-Adjusted Score		9.0
Weighted-Average Key Issue Score		6.4
Environmental Pillar Score	16%	8.1
Social Pillar Score	47%	6.8
Governance Pillar Score	37%	5.2

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What is an ESG Rating? MSCI ESG Ratings aim to measure a company's resilience to long-term ESG risks. Companies are scored on an industry-relative AAA-CCC scale across the most relevant Key Issues based on a company's business model.

\*Notice: A member of the MSCI Board of Directors or an MSCI named executive officer is a board member or otherwise affiliated with the company that is the subject of this report.

## ESG Rating scorecard

As of November 19, 2021

KEY ISSUE	WEIGHT	INDUSTRY AVERAGE	SCORE (0-10)	CHANGE	EXPLANATION
<b>Weighted-Average Key Issue Score</b>		<b>4.9</b>	<b>6.4</b>		
<b>&gt; ENVIRONMENT</b>	<b>16%</b>	<b>6.3</b>	<b>8.1</b>	<b>▼ 0.2</b>	
<a href="#">Opportunities in Clean Tech</a>	11%	4.1	7.5		<ul style="list-style-type: none"> <li>Significant revenues from clean tech product lines relative to peers</li> </ul>
<a href="#">Carbon Emissions</a>	5%	8.2	9.3	▼ 0.7	<ul style="list-style-type: none"> <li>Strong management practices to address carbon emissions relative to peers, including targets to reduce carbon emissions</li> </ul>
<b>&gt; SOCIAL</b>	<b>47%</b>	<b>4.9</b>	<b>6.8</b>	<b>▲ 0.5</b>	
<a href="#">Human Capital Development</a>	26%	3.2	4.7	▲ 0.9	<ul style="list-style-type: none"> <li>Involved in moderate <a href="#">controversies</a></li> <li>Comprehensive employee development efforts including strong managerial and leadership development training initiatives</li> </ul>
<a href="#">Privacy &amp; Data Security</a>	21%	6.9	9.4		<ul style="list-style-type: none"> <li>Involved in moderate <a href="#">controversies</a></li> <li>Evidence of extensive data protection processes, including certification to external information security management standards and robust compliance programs (e.g., system audits and employee trainings)</li> </ul>
<b>&gt; GOVERNANCE</b>	<b>37%</b>	<b>4.9</b>	<b>5.2</b>	<b>▲ 0.1</b>	
<a href="#">Corporate Governance</a>		5.7	6.9	▲ 0.1	<ul style="list-style-type: none"> <li>The company falls into the highest scoring range relative to global peers, reflecting governance practices that appear to be generally well aligned with investor interests.</li> </ul>
<a href="#">Corporate Behavior</a>		5.7	3.8		<ul style="list-style-type: none"> <li>Involved in moderate <a href="#">controversies</a></li> <li>Substantial operations in regions where data indicates moderate to high levels of perceived corruption</li> </ul>

\* denotes company-specific Key Issue

This table shows the Key Issue scores and weights contributing to the company's ESG Rating and any changes to those scores since the last ESG Rating action. The range of possible scores is 0-10, where 10 is best and 0 is worst.

## Rating model details

Microsoft was rated based on a standard version of the Software &amp; Services Industry ESG Rating Model.

## Company response

Response in last 12 months? \_\_\_\_\_ Yes

Date of last interaction \_\_\_\_\_ Mar 2021

Frequency of interactions\* \_\_\_\_\_ High

All companies are provided the opportunity to review their data. For details, see [Appendix](#) in full ESG Rating report.

\*Frequency of interactions represents interactions over the past two years: High = Ten or more incoming communications; Medium = Between 3 and 9 incoming communications; Low = Between 1 and 2 incoming communications

## Recent developments affecting ESG scores

This table shows the last 10 score changes\* and rating actions that have occurred in the past 12 months.

Date ▲	Type	Score (0-10)	Change	Explanation
	Current Weighted-Average Key Issue Score	6.4		
Nov 19, 2021	Data Update: Corporate Governance		▲0.1	<b>Flags Added:</b> CEO Pay Total Awarded <b>Flags Removed:</b> Asset-Liability Valuation, CEO Pay Total Awarded, CEO Pay Total Fixed
Aug 10, 2021	Data Update: Corporate Governance		▼0.1	<b>Flags Added:</b> Independent Chair, Combined CEO/Chair
Mar 12, 2021	ESG Rating action	6.2		Microsoft's rating is unchanged at 'AAA'.
Mar 08, 2021	Data Update: Exposure		▲0.1	Change in exposure score for the following Key Issue(s): Corporate Behavior,
Dec 25, 2020	Data Update: Corporate Governance		▲0.1	<b>Flags Removed:</b> Significant Vote Against Pay Practices
Nov 05, 2020	Methodology Update: ESG Ratings	6.0	▼1.2	Methodology Enhancements: scores recalculated to reflect enhancements to the ESG Ratings model.
Oct 14, 2020	Data Update: Controversies		▼0.2	Severe controversy case(s): (1) United States: Early agreement of USD 3 million with OFCCP over alleged racial discrimination in hiring practices that affected 1,229 applicants
Aug 19, 2020	Data Update: Controversies		▲0.1	Minor controversy case(s): (1) US Regulatory Investigations over Alleged Bribery of Hungary Officials Through Sales of Word and Excel Software; Approximately USD 25 Million in Penalty Settled
Aug 12, 2020	Data Update: Controversies		▼0.2	Moderate controversy case(s): (1) Ontario, Canada: Lawsuit over allegations of unfair termination of stock awards upon dismissal without cause
Jun 16, 2020	Data Update: Governance		▼0.1	<b>Flags Added:</b> Long-Term Pay Performance Versus Peers

This table outlines the latest changes to specific data points that have occurred, the trigger for change (e.g. issuer feedback, data update or methodology enhancements) and the overall impact on the company's Weighted Average Key Issue Score. Companies are monitored on a continuous basis and significant score changes may trigger an ESG Rating action.

[View additional recent developments affecting the ESG score](#)

## Most recent controversies

Last update	Headline	Assessment	Type
Oct-21	<u>Gästrikland, Sweden: Local union's safety representatives protested over allegation of improperly imposing confidentiality agreement before granting access to data center</u>	Minor	Collective Bargaining & Union

Oct-21	<u>Washington, United States: Putative class action over alleged gender harassment and discrimination in pay and promotions</u>	Moderate	Discrimination & Workforce Diversity
Oct-21	<u>EU, Teams: European Commission launched antitrust investigation</u>	Moderate	Anticompetitive Practices
Oct-21	<u>US: Lawsuits over alleged unauthorized use of people's images for training facial recognition technologies</u>	Minor	Privacy & Data Security
Oct-21	<u>LinkedIn, California, US: Purported class action over alleged inaccurate sponsored content metrics in advertising platform</u>	Minor	Customer Relations

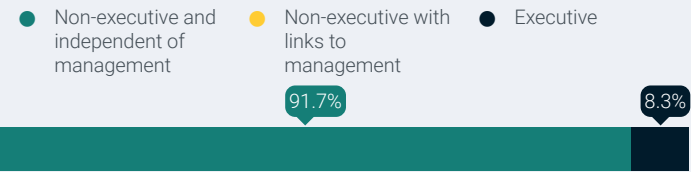
This table shows the most recently updated controversies facing the company. Controversies are considered alongside other factors when assessing a company and may or may not impact the company's ESG Rating. For further details, See Controversies Detail section in full ESG Rating report appendix.

Corporate governance summary



Board of directors

Board type: Unitary Board



Board diversity



Ownership summary

Capital structure Single Equity Class  
Top shareholders  
There is no principal shareholder at this firm.

Ownership classification Widely Held

CEO

Name: Satya Nadella  
Tenure: 7 Years  
Total realized pay\*: USD 309,368,186.00  
Total summary pay\*: USD 44,321,788.00

\*CEO pay figures are sourced from listed company annual reports and proxy filings. When a new CEO is named the pay figures for the previous CEO will be displayed until this information has been updated for the new CEO

Peer benchmarking

LARGEST 5 INDUSTRY PEERS (SOFTWARE & SERVICES)	Carbon Emissions	Opportunities in Clean Tech	Human Capital Development	Privacy & Data Security	Corporate Governance	Corporate Behaviour	Rating & Trend
MICROSOFT CORPORATION	●●●	●●●●	●●●●	●●●●	●●●●	●	AAA ◀▶
ADOBE INC.	●●●	●●	●●●●	●●●●	●●●●	●●●●	AAA ▲
SALESFORCE.COM, INC.	●●●	●●●●	●●●●	●●●●	●	●	AA ◀▶
VISA INC.	●●●	N/A	●●●●	●	●●●	●	A ◀▶
MASTERCARD INCORPORATED.	●●●	N/A	●●●●	●	●●●	●	A ◀▶
ORACLE CORPORATION	●●●	●●●●	●	●●●●	●	●●	BBB ◀▶

QUARTILE KEY : Bottom Quartile ● Top Quartile ●●●●  
RATING TREND KEY : Maintain ◀▶ Upgrade ▲ Upgrade by two or more notches ▲▲ Downgrade ▼ Downgrade by two or more notches ▼▼  
This table shows the company's positioning relative to five of its 152 industry peers. Industry peers are constituents of the MSCI ACWI Index in the ESG Ratings Industry classified as Software & Services, as of November 19, 2021. The selection of five industry peers in this distribution is based on market capitalization, sorted by ESG Ratings (best to worst).

## Analyst insights

## A race to the bottom on carbon emissions?

November 19, 2021  
Andrew Young

The businesses of Alphabet, Apple, Amazon, Meta (Facebook) and Microsoft, or collectively the US 'big tech' companies, generally have low carbon emissions footprints. But given their outsized role in the global economy and the lives of billions of consumers, the group may have important role to play in supporting a transition to low carbon economy:

Increased competition amongst the group, such as in the cloud infrastructure market, may not only be good for innovation but also enable an arms race of climate action, as the competitors look to build favor with their customers (and shareholder and other stakeholders) yearning for leadership on the issue. Their actions may also have a multiplier effect by forcing their suppliers to get in line with their targets in order to keep winning contracts.

As of November 2021, we estimated that all companies, except for Amazon, appeared aligned with the IPCC's 2 degree warming scenario.\* However this is broadly by virtue of the nature of their businesses. There remains substantial scope for a leader to emerge, as we found limitations in all of their climate commitments:

Microsoft had arguably the most ambitious climate change target of the group: It's emission reduction ambitions include Scope 3 emissions and are supported by robust on-the-ground programs like an internal carbon tax (incl. Scope 3 emissions) to encourage its business divisions to address their footprints. However, in these plans and programs, Microsoft acknowledges only its upstream footprint, not the footprints associated with the use and end-of-life use of its products, like its laptops, tablets and gaming consoles. We assessed that the company's target covers 16% of its total footprint.

\*Based on our Implied Temperature Rise methodology, which estimates the 2100 temperature rise based on a GHG emissions budget over/undershoot approach. We estimated Microsoft to be aligned with a 1.58 degree warming scenario, based on available data.

## Regulators increasingly circling facial recognition products

May 17, 2021  
Andrew Young

San Francisco became the first US city to ban the use of facial recognition (FR) technology by law enforcement in 2019. Since then, Microsoft has continued to develop and market its FR technologies to its Azure cloud clients but restricts the products use by law enforcement, citing concerns over human rights and the lack of regulatory framework covering the use of the technology.

FR was an already established USD3.4 billion market in 2019, and some analysts expect the market to double in the coming years.\* But the market opportunity appears increasingly fraught with ethical and legal pitfalls: Amazon, Facebook and Alphabet have all faced distinct controversies regarding their FR products.

Regulatory scrutiny in the US has followed the public unease with the pervasive use of the FR technology in typical US fashion with a patchwork of authorities supervising its use. Following the bans by several cities in the US, landmark legislations like California's Consumer Privacy Act (CCPA) has developed the regulatory environment: it allows for the collection of biometric data, but gives rights to individuals to have their data deleted or opt of its collection and processing. Similar laws in further US states are expected to follow the framework established by the CCPA.

Probably the most complex market is the European Union where regulators defined FR as a high risk application of Artificial Intelligence that would require certification and human oversight.\*\* To achieve certification, products would need to comply with the region's privacy regulation, the EU General Data Protection Regulation (GDPR) which sets a high bar for developers on themes of legitimacy, data security, accountability and ethics, and may limit the use cases in the region.

\*Grand View Research, March 2020

\*\*European Commission White Paper on Artificial Intelligence, February 2020, and Convention 108: Consultative Committee: Guidelines on Facial Recognition, January 28, 2021

## ☛ Solarwinds hack: A warning to all enterprise software companies

January 14, 2021  
Andrew Young

Solarwinds, an enterprise network management software company, faced a malicious and sophisticated cyberattack between March and June 2020. Hackers were able to penetrate the networks of some of Solarwinds clients, including Microsoft. The malicious third-party hack, which reportedly reached the networks of up to 40 Microsoft clients, might therefore come as a warning to Microsoft but also its software industry peers that no company is invulnerable to a data breach.

Solarwind's cybersecurity provider, FireEye, believed that the attack to be state-sponsored and that the ultimate target to be US government agencies. The perpetrator sought to gain access to Solarwinds' clients' networks (including government agencies and companies such as Microsoft) via a vulnerability in their network management product, Orion.

Our 2020 assessment of Microsoft's privacy and data security management practices was best-in-class. Microsoft's strong commitments to customer/client/user privacy are supported by a robust cybersecurity control environment that includes board-level oversight and information security management systems (ISMS) subject to external audit oversight. Notably the company's suppliers (such as Solarwinds) are required to abide by the company's data security requirements. This supply chain control is publicly reported by only 24 of 144 companies (17%) in the MSCI ACWI ESG Ratings Software & Services industry.

## ☛ Getting close to the line, again

November 02, 2020  
Andrew Young

Microsoft has been growing its share in the public cloud market, since the launch of Azure in 2010, to around 18% by Q2 2020 (Statista.com). This is compared to Amazon Web Services (AWS) at 33%, Google Cloud, 9% and Alibaba Cloud, 6%. The recent rapid growth in this market share has been subject to some allegations of anticompetitive practices, possibly refreshing memories of its previous bundling practices.

Microsoft appears to have largely avoided the wave of antitrust concern targeting US big tech companies in their home market and in markets abroad. The company has not faced serious antitrust scrutiny since the US Department of Justice required the company to unbundle its systems software, Windows and internet browser, Internet Explorer in 2001.

[Note: Our ESG controversies report does note that the company's regulator, the US Federal Trade Commission (FTC) ordered technology companies including Microsoft to provide information about acquisitions between 2010 and 2020 for an antitrust review].

Microsoft's productivity suite of applications, Office365 has historically been sold on a one-off-payment license basis. License holders were able to run the software on any server, including on its competitor public cloud servers like Amazon Web Services (AWS), Alibaba or Google Cloud. Since October 2019 however, Microsoft required clients to buy a new subscription license to run its applications on public clouds. While this new subscription licensing also applies its own public cloud, Azure, the company offers discounts for clients to switch to Azure, thereby allegedly offsetting the cost of the new subscription license. To some, this may look like a bundling practice and invite fresh antitrust scrutiny.

## ☛ ESG implications of acquiring TikTok

August 25, 2020  
Andrew Young

Microsoft published a blog post on August 2, 2020 announcing it was in discussions with ByteDance the Chinese parent company of social media app TikTok to acquire its US, Canada, Australia and New Zealand operations. An acquisition may cost around USD 30 billion according to media reports, representing around 10% of Microsoft's USD 300 billion asset base.

Microsoft has enjoyed a period of sustained and substantial growth under CEO Satya Nadella since his appointment in 2014, characterized by a focus on their enterprise suite of products and services. The acquisition of a social media app might represent a divergence from the company's core strategy. Microsoft has also long been considered an ESG leader in our assessment (AAA rating since 2016), notably its ability to attract and retain its talent, its best-in-class privacy framework and its forays into clean technologies. Despite these attributes, the acquisition opens up Microsoft to a new line of ESG scrutiny. Social media platforms tend to foment at least some forms of user misuse: From straightforward issues like copyright infringement, to complex and concerning issues like bullying, child grooming and disinformation. Microsoft's experience in social media via LinkedIn, would likely provide little experience in dealing with these issues. The company

might need to quickly build up capacity in content moderation, an area where the world's most experienced social media operators like Facebook and Youtube have struggled to cope.  
(For more information on our assessment of these issues, please refer to the Industry Insight: Content Integrity for the Interactive Media & Services industry)

Face/off  
May 16, 2019  
Andrew Young

In May 2019, San Francisco became the first city (that we know of) to ban the use of facial recognition technology by city agencies, such as the police. Tech companies have sold facial recognition products in the US to police (Amazon) and prisons (Microsoft). Some might argue that facial recognition seems to be a natural progression from the now ubiquitous CCTV presence around major cities like London, UK, which is estimated to have around 500,000 active cameras. However, the UK is actually moving towards a more responsible use of surveillance technologies with the publication of a Surveillance Camera Code of Practice and the appointing of a Surveillance Commissioner in 2013 to oversee the responsible use of these technologies. Aside from technical issues and limitations with surveillance and facial recognition technologies (e.g. BBC News article: "Use of facial recognition tech 'dangerously irresponsible", 14 May 2019), surveillance has been shown to reduce innovation in the workplace (employees not deviating from what is expected of them) and more broadly, impact individual freedoms. For instance, knowing of the presence of surveillance technologies, people may think twice about expressing opinions or might avoid peaceful protest events. Given the employee and public backlash at Google following the expose of a censored version of their search engine targeting the Chinese market, major tech companies might want to think twice about being associated with programs that may impact human rights.



## ESG Rating drill down

Description	As of last rating action date: Mar 12, 2021		As of last update date: Nov 19, 2021		Difference	
	Score	Weight	Score	Weight	Score	Weight
<b>ESG Rating Letter Grade</b>	<b>AAA</b>		<b>AAA</b>		-	-
<b>Industry Adjusted Score</b>	<b>9.0</b>		<b>9.0</b>		-	-
Industry Minimum Score	2.4		2.4		-	-
Industry Maximum Score	6.6		6.6		-	-
<b>Weighted Average Key Issue Score</b>	<b>6.2</b>		<b>6.4</b>		<b>0.2</b>	-
<b>Environmental Pillar Score</b>	<b>8.3</b>	<b>16.0%</b>	<b>8.1</b>	<b>16.0%</b>	<b>-0.2</b>	-
<b>Carbon Emissions Key Issue Score</b>	<b>10.0</b>	<b>5.0%</b>	<b>9.3</b>	<b>5.0%</b>	<b>-0.7</b>	-
Exposure Score	2.5		2.5		-	-
Business Segment Exposure Score	2.1		2.1		-	-
Geographic Exposure Score	6.9		6.9		-	-
Management Score	6.5		4.8		-1.7	-
Management Score - Excluding Controversies	6.5		4.8		-1.7	-
Practices Score	7.3		7.3		-	-
Performance Score	5.0		0.0		-5.0	-
<b>Opportunities in Clean Tech Key Issue Score</b>	<b>7.5</b>	<b>11.0%</b>	<b>7.5</b>	<b>11.0%</b>	-	-
Exposure Score	4.4		4.4		-	-
Business Segment Exposure Score	4.4		4.4		-	-
Management Score	8.5		8.5		-	-
Management Score - Excluding Controversies	8.5		8.5		-	-
Practices Score	8.5		8.5		-	-
Performance Score	8.5		8.5		-	-
Controversy Deduction	0.0		0.0		-	-
<b>Social Pillar Score</b>	<b>6.3</b>	<b>47.0%</b>	<b>6.8</b>	<b>47.0%</b>	<b>0.5</b>	-
<b>Human Capital Development Key Issue Score</b>	<b>3.8</b>	<b>26.0%</b>	<b>4.7</b>	<b>26.0%</b>	<b>0.9</b>	-
Exposure Score	8.9		8.9		-	-
Business Segment Exposure Score	7.9		7.9		-	-
Company-Specific Exposure Score	1.0		1.0		-	-
Management Score	5.7		6.6		0.9	-
Management Score - Excluding Controversies	7.4		7.4		-	-
Practices Score	7.9		7.9		-	-
Performance Score	6.5		6.5		-	-
Controversy Deduction	-1.7		-0.8		0.9	-
<b>Privacy &amp; Data Security Key Issue Score</b>	<b>9.4</b>	<b>21.0%</b>	<b>9.4</b>	<b>21.0%</b>	-	-
Exposure Score	6.3		6.3		-	-
Business Segment Exposure Score	4.9		4.9		-	-
Geographic Exposure Score	7.8		7.8		-	-
Management Score	8.7		8.7		-	-
Management Score - Excluding Controversies	10.0		10.0		-	-
Practices Score	10.0		10.0		-	-
Controversy Deduction	-1.3		-1.3		-	-

Description	As of last rating action date: Mar 12, 2021		As of last update date: Nov 19, 2021		Difference	
	Score	Weight	Score	Weight	Score	Weight
<b>Governance Pillar Score*</b>	<b>5.1</b>	<b>37.0%</b>	<b>5.2</b>	<b>37.0%</b>	<b>0.1</b>	<b>-</b>
<b>Governance Pillar Deductions**</b>	<b>-4.9</b>		<b>-4.8</b>		<b>0.1</b>	<b>-</b>
<b>Corporate Governance Deductions</b>	<b>-2.5</b>		<b>-2.4</b>		<b>0.1</b>	<b>-</b>
Board	-0.4		-0.6		-0.2	-
Pay	-1.1		-0.8		0.3	-
Ownership & Control	-0.6		-0.6		-	-
Accounting	-0.4		-0.4		-	-
<b>Corporate Behavior Deductions</b>	<b>-2.4</b>		<b>-2.4</b>		<b>-</b>	<b>-</b>
Business Ethics	-2.4		-2.4		-	-
Tax Transparency	0.0		0.0		-	-

\*Companies last rated prior to November 2020 will continue to show legacy Governance Key Issues (Corruption & Instability, Financial System Instability, Business Ethics & Fraud, and Anticompetitive Practices) in the ESG Rating drill down. These key issues will be removed from the drill down and replaced with Corporate Behavior and Corporate Governance Deductions at the next re-rating.

\*\*Beginning November 2020, the Environmental Pillar Score and Social Pillar Score are calculated based on the weighted average of underlying Key Issue Scores, while the Governance Pillar Score is calculated based on 10 minus the sum of Corporate Governance and Corporate Behavior deductions. In the ESG Rating drill-down, deductions are scaled to indicate impact on the overall Governance Pillar Score. In subsequent sections of the report, deductions are scaled to show impact on the Corporate Behavior and Corporate Governance Theme Scores.

## Overflow table: Recent developments affecting ESG scores

Date ▲	Type	Score (0-10)	Change	Explanation
	Current Weighted-Average Key Issue Score	6.4		
Nov 19, 2021	Data Update: Corporate Governance		▲0.1	<b>Flags Added:</b> CEO Pay Total Awarded <b>Flags Removed:</b> Asset-Liability Valuation, CEO Pay Total Awarded, CEO Pay Total Fixed
Aug 10, 2021	Data Update: Corporate Governance		▼0.1	<b>Flags Added:</b> Independent Chair, Combined CEO/Chair
Mar 12, 2021	ESG Rating action	6.2		Microsoft's rating is unchanged at 'AAA'.
Mar 08, 2021	Data Update: Exposure		▲0.1	Change in exposure score for the following Key Issue(s): Corporate Behavior,
Dec 25, 2020	Data Update: Corporate Governance		▲0.1	<b>Flags Removed:</b> Significant Vote Against Pay Practices
Nov 05, 2020	Methodology Update: ESG Ratings	6.0	▼1.2	Methodology Enhancements: scores recalculated to reflect enhancements to the ESG Ratings model.
Oct 14, 2020	Data Update: Controversies		▼0.2	Severe controversy case(s): (1) United States: Early agreement of USD 3 million with OFCCP over alleged racial discrimination in hiring practices that affected 1,229 applicants
Aug 19, 2020	Data Update: Controversies		▲0.1	Minor controversy case(s): (1) US Regulatory Investigations over Alleged Bribery of Hungary Officials Through Sales of Word and Excel Software; Approximately USD 25 Million in Penalty Settled
Aug 12, 2020	Data Update: Controversies		▼0.2	Moderate controversy case(s): (1) Ontario, Canada: Lawsuit over allegations of unfair termination of stock awards upon dismissal without cause
Jun 16, 2020	Data Update: Governance		▼0.1	<b>Flags Added:</b> Long-Term Pay Performance Versus Peers
Jun 15, 2020	Data Update: Controversies		▲0.2	Minor controversy case(s): (1) GitHub: Unauthorized access of employees' internal project files detected; no reports of compromised sensitive information
Apr 24, 2020	Data Update: Governance		▲0.1	<b>Flags Removed:</b> Long-Term Pay Performance Versus Peers
Mar 20, 2020	Data Update: Governance		▲0.1	<b>Flags Removed:</b> Leadership Concerns
Feb 26, 2020	ESG Rating action	7.2		Microsoft's rating is unchanged at 'AAA'.
Jan 17, 2020	Data Update: Governance		▼0.1	<b>Flags Added:</b> Long-Term Pay Performance Versus Peers

Mar 05, 2019	ESG Rating action	7.2	Microsoft's rating is unchanged at 'AAA'.
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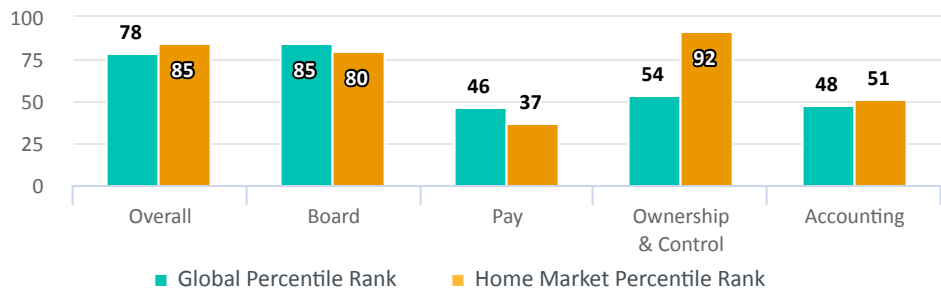


Corporate Governance

Score	Change (since rating)	Quartile	As of
6.9	▲ 0.1	●●●●	Nov 18, 2021

Market Cap: 2,571,107,903,048 USD Home Market: United States Last Data Update: Nov 23, 2021

GOVERNANCE THEMES AND RANKINGS



KEY DATES

Financial Year End	June 30
Annual Filing Date	Oct 14, 2021
AGM Date	Nov 30, 2021

WEBSITE

<https://www.microsoft.com/en-us>

SUMMARY

Microsoft falls into the highest scoring range for all the companies we assess relative to global peers, indicating that the company's corporate governance practices are generally well aligned with shareholder interests.

\*Key areas of concern include flagged key metrics within the three sub-issues that represent the largest scoring deductions. Please review the full report to see the complete set of flagged key metrics.

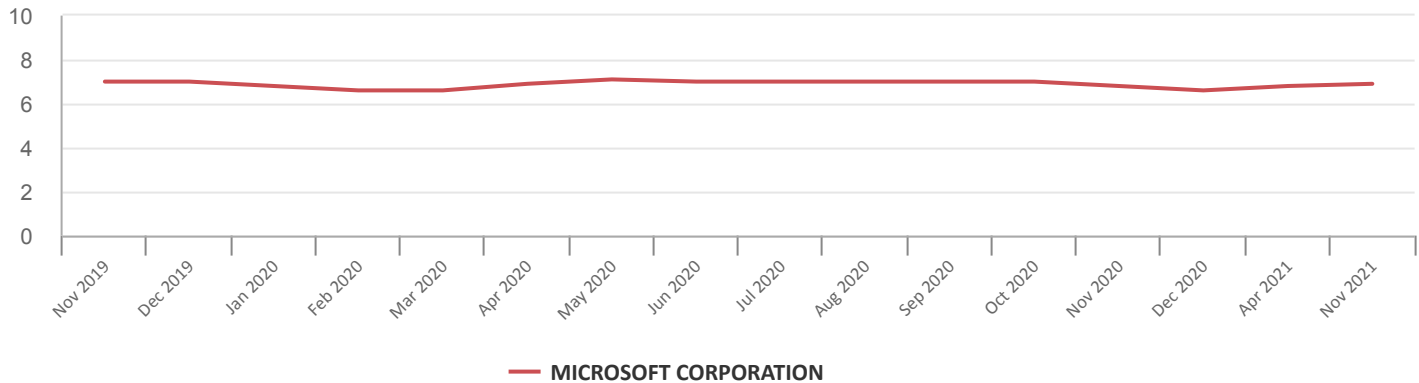
KEY AREAS OF CONCERN\*

SCORING DEDUCTIONS

Accounting Variance	(-0.46)
Revenue Recognition	
Expense Recognition	
Asset-Liability Valuation	
Pay Figures	(-0.40)
CEO Pay Total Realized	
CEO Pay Total Awarded	
Severance & Change of Control	(-0.40)
Golden Parachutes	
Severance Vesting	

\*Notice: A member of the MSCI Board of Directors or an MSCI named executive officer is a board member or otherwise affiliated with the company that is the subject of this report.

## CORPORATE GOVERNANCE SCORE HISTORY



## CHANGES TO FLAGGED KEY METRICS (SINCE AUGUST 2020)

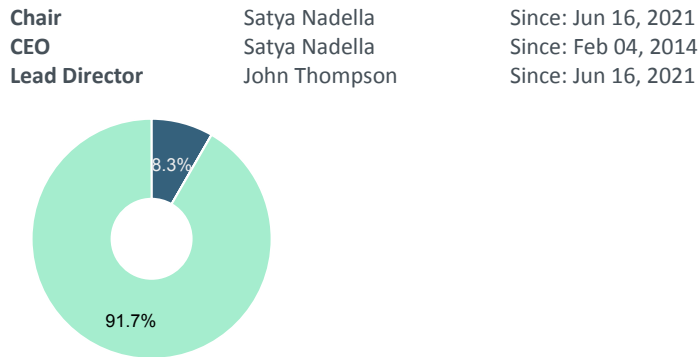
Key Metric	Key Metric Change	Date	Score Change*	Change Notes
Pay Linked to Sustainability	Flag Removed	Nov 23, 2021	0.20	
Expense Recognition	Flag Added	Nov 23, 2021		Updates to data for accounting peer group member(s)
CEO Pay Total Fixed	Flag Removed	Nov 23, 2021	0.20	
CEO Pay Total Awarded	Flag Removed	Nov 19, 2021	0.20	
CEO Pay Total Awarded	Flag Added	Sep 17, 2021	-0.20	
Asset-Liability Valuation	Flag Removed	Sep 17, 2021	0.21	Updates to data for accounting peer group member(s)
Asset-Liability Valuation	Flag Added	Aug 06, 2021	-0.10	Updates to data for accounting peer group member(s)
Independent Chair	Flag Added	Jul 16, 2021	-0.10	
Combined CEO/Chair	Flag Added	Jul 16, 2021	-0.20	
CEO Pay Total Awarded	Flag Removed	May 06, 2021	0.20	
Revenue Recognition	Flag Removed	Feb 18, 2021	-0.04	Updates to data for accounting peer group member(s)
Expense Recognition	Flag Removed	Feb 18, 2021	-0.18	Updates to data for accounting peer group member(s)
Asset-Liability Valuation	Flag Removed	Feb 18, 2021	-0.26	Updates to data for accounting peer group member(s)
Revenue Recognition	Flag Added	Feb 15, 2021	0.04	Updates to data for accounting peer group member(s)
Long-Term Pay Performance Versus Peers	Flag Removed	Feb 15, 2021	0.20	
Expense Recognition	Flag Added	Feb 15, 2021	0.18	Updates to data for accounting peer group member(s)
Asset-Liability Valuation	Flag Added	Feb 15, 2021	0.17	Updates to data for accounting peer group member(s)
Long-Term Pay Performance Versus Peers	Flag Added	Jan 15, 2021	-0.20	
Long-Term Pay Performance Versus Peers	Flag Removed	Jan 08, 2021	0.20	
Significant Vote Against Pay Practices	Flag Removed	Dec 21, 2020	0.15	
CEO Equity Changes	Flag Added	Nov 26, 2020	-0.20	
Dispersed Ownership Concerns	Flag Added	Oct 13, 2020	-0.20	
Restatements or Special Charges	Flag Removed	Sep 23, 2020	0.00	Event now time expired

Note: A full list of score changes (including where there is no Key Metric Change) is included in the Appendix.  
\*Score change available in respect of changes dated on or after 13 December 2017.

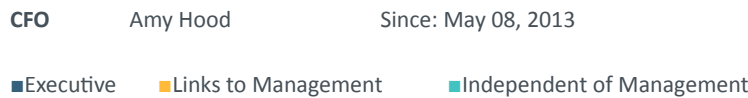
BOARD OVERVIEW

Board Type: Unitary Board

Board of Directors

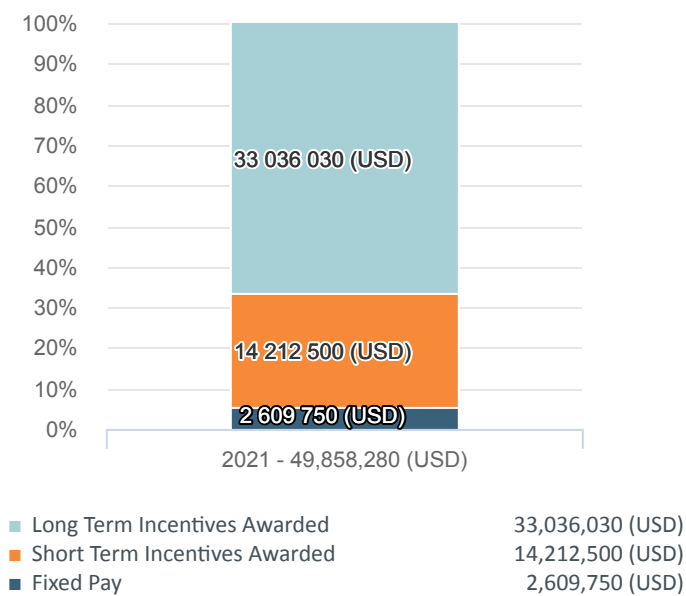


Executive Leadership



PAY OVERVIEW

Highest Paid Executive - Satya Nadella



BOARD

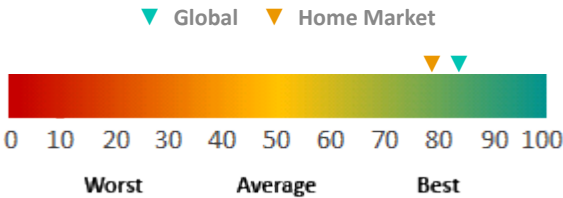
The Microsoft board appears to be generally well organized to provide effective strategic oversight for the company management.

0-10 Score	Global Percentile Rank	Home Market Percentile Rank
8.6	85 <sup>th</sup> (Above Average)	80 <sup>th</sup> (Above Average)

KEY METRICS SCORING

	Deduction
AUDIT OVERSIGHT	
Audit Committee Industry Expert	-0.10
Auditor Tenure	-0.20
BOARD INDEPENDENCE	
BOARD LEADERSHIP	
Combined CEO/Chair	-0.20
Independent Chair	-0.10
BOARD SKILLS & DIVERSITY	
Risk Management Expertise	-0.20

BOARD PERFORMANCE VS.



LEADERSHIP

CHIEF EXECUTIVE OFFICER

History	CEO Since	Until	Name	Gender	Age
Current	Feb 2014		Satya Nadella	M	54

CHIEF FINANCIAL OFFICER

History	CFO Since	Until	Name	Gender	Age
Current	May 2013		Amy Hood	F	49

CHAIR

History	Chair Since	Until	Name	Gender	Age
Current	Jun 2021		Satya Nadella	M	54
Former	Feb 2014	Jun 2021	John Thompson	M	72

















BOARD OF DIRECTORS

The Microsoft board currently has an independent majority, which enables it to more effectively fulfill its critical function of overseeing management on behalf of shareholders. The company has failed to split the roles of CEO and chairman, which may limit the board's independence from current management interests. Split CEO and chairman roles are characteristic of 66% of companies in this market.

Number of Board Meetings: 10

Non-executives meet in absence of Executives: Yes






Name	M/F	Age	Tenure (Years)	Boards	Independent of Mgmt	Independent of Other Interests	Management Link/ Designation Reason	Nationality
Carlos Rodriguez 	M	57	< 1	2	Yes	Yes		Mexico
Charles (Charlie) Scharf 	M	56	7	2	Yes	Yes		United States of America
Emma Walmsley	F	52	2	2	Yes	Yes		United Kingdom
Hugh Johnston 	M	60	4	2	Yes	Yes		United States of America
John Stanton	M	66	7	3	Yes	Yes		United States of America
John Thompson   	M	72	9	2	Yes	Yes		United States of America
Padmasree Warrior 	F	60	6	1	Yes	Yes		India
Penny Pritzker 	F	62	4	1	Yes	Yes		United States of America
Reid Hoffman 	M	54	4	1	Yes	Yes		United States of America
Sandra Peterson 	F	62	6	2	Yes	Yes		United States of America
Satya Nadella   	M	54	7	2	No	Yes	Executive	India
Teri List-Stoll 	F	58	7	3	Yes	Yes		United States of America
	F	# >= 70	# >= 15 yrs	# >= 4				
Total (of 12)	5	1	0	0	11	12		
Percentage	41.7%	8.3%	0%	0%	91.7%	100%		

Note: Board count includes the membership of this board.

 - Financial Expert (8)  - Industry Expert (3)  - Chief Executive Officer  - Chair of the Board  - Lead Director

BOARD EFFECTIVENESS



## Nomination Committee - Number Of Meetings: 4

Name	M/F	Age	Board Tenure (Years)	Independent of Mgmt	Independent of Other Interests	Committee Status
Charles (Charlie) Scharf 	M	56	7	Yes	Yes	Member
John Thompson  	M	72	9	Yes	Yes	Chair
Sandra Peterson 	F	62	6	Yes	Yes	Member
Teri List-Stoll 	F	58	7	Yes	Yes	Member

 - Financial Expert (4)  - Industry Expert

## AUDIT OVERSIGHT

## Audit Committee - Number Of Meetings: 9




Name	M/F	Age	Board Tenure (Years)	Boards	Independent of Mgmt	Independent of Other Interests	Committee Status
Hugh Johnston 	M	60	4	2	Yes	Yes	Chair
John Stanton	M	66	7	3	Yes	Yes	Member
Teri List-Stoll 	F	58	7	3	Yes	Yes	Member



 - Financial Expert (2)

## PAY OVERSIGHT

## Pay Committee - Number Of Meetings: 6

The Microsoft board includes an independent pay committee, which is considered best practice for oversight of executive pay according to international corporate governance standards.

Name	M/F	Age	Board Tenure (Years)	Independent of Mgmt	Independent of Other Interests	CEO Role?	Committee Status
Charles (Charlie) Scharf 	M	56	7	Yes	Yes	Active	Member
Emma Walmsley	F	52	2	Yes	Yes	Active	Member
Padmasree Warrior 	F	60	6	Yes	Yes		Member
Sandra Peterson 	F	62	6	Yes	Yes		Chair

 - Financial Expert (2)  - Industry Expert

## CONTROVERSIES &amp; EVENTS

No major relevant controversies have been uncovered.

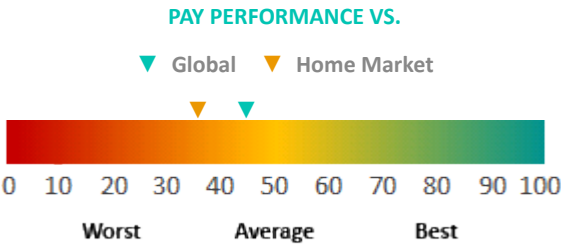
PAY

Executive pay practices at Microsoft fall into the average scoring range relative to global peers. Areas of particular concern include excessive severance provisions and early vesting provisions in share based awards which offer a poor alignment with shareholder interests.

0-10 Score	Global Percentile Rank	Home Market Percentile Rank
5.5	46th (Average)	37th (Average)







KEY METRICS SCORING

	Deduction
PAY FIGURES	
CEO Pay Total Realized	-0.20
CEO Pay Total Awarded	-0.20
PAY PERFORMANCE ALIGNMENT	
CEO Equity Changes	-0.20
SEVERANCE & CHANGE OF CONTROL	
Golden Parachutes	-0.30
Severance Vesting	-0.10



PAY FIGURES

EXECUTIVE PAY - 2021

Executive	Title	Tenure (Years)	Total Awarded Pay (USD)	Total Realized Pay (USD)
Amy Hood  	CFO	8	23,466,141	48,507,313
Bradford (Brad) Smith 	Executive		20,455,896	42,803,678
Christopher (Chris) Young 	Executive		28,495,083	5,900,449
Jean-Philippe Courtois 	Executive		16,809,865	39,096,473
Satya Nadella 	Chair & CEO	7	49,858,280	309,368,186

 - Financial Expert  - Industry Expert (5)

## CEO PAY DETAILS - Satya Nadella

Pay Awarded	2021
<b>Fixed Pay</b>	
Salary	2,500,000 USD
Fees	0 USD
Pension	0 USD
Perks & Other Pay	109,750 USD
<b>Variable Pay</b>	
<i>Short-term incentives</i>	
Annual Bonus	0 USD
Other Non-equity Incentive Plan	14,212,500 USD
<i>Long-term incentives</i>	
Grant date value of Stock Options	0 USD
Grant date value of Stock Awards	33,036,030 USD
<b>Total Awarded Pay</b>	<b>49,858,280 USD</b>

Pay Realized	
<b>Fixed Pay</b>	
Salary	2,500,000 USD
Fees	0 USD
Pension	0 USD
Perks & Other Pay	109,750 USD
<b>Variable Pay</b>	
<i>Short-term incentives</i>	
Annual Bonus	0 USD
Other Non-equity Incentive Plan	14,212,500 USD
<i>Long-term incentives</i>	
Options Exercised	0 USD
Stock Awards Vested	292,545,936 USD
<b>Total Realized Pay</b>	<b>309,368,186 USD</b>

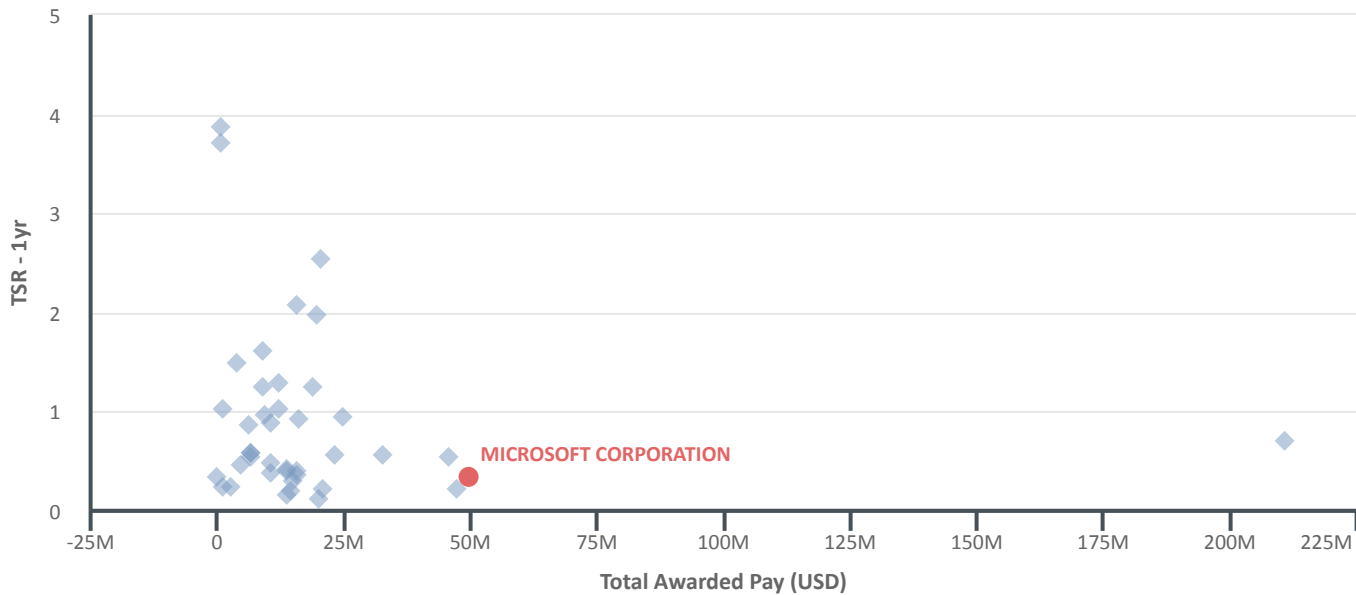
## PAY PEER GROUP

## LARGECAP - DEVELOPED AMERICAS - SOFTWARE (51 COMPANIES)

Company	Home Market	Market Cap (USD m)	Pay Year	1 Yr TSR	Total CEO Annual Pay (USD)	CEO Name	CEO Since
Confluent Inc	United States	17,653	2020		22,312,080	Kreps	Sep 2014
<b>MICROSOFT CORPORATION</b>	<b>United States</b>	<b>2,457,287</b>	<b>2021</b>	<b>0.34%</b>	<b>16,822,250</b>	<b>Nadella</b>	<b>Feb 2014</b>
BENTLEY SYSTEMS, INCORPORATED	United States	13,445	2020		12,069,330	Bentley	Aug 2000
ORACLE CORPORATION	United States	248,055	2021	0.49%	10,631,223	Catz	Sep 2014
SS&C TECHNOLOGIES HOLDINGS, INC.	United States	19,004	2020	0.20%	10,383,388	Stone	Jan 1986
SERVICENOW, INC.	United States	119,314	2020	0.95%	6,715,850	McDermott	Nov 2019
PALANTIR TECHNOLOGIES INC.	United States	36,768	2020		4,261,554	Karp	Jan 2003
Procore Technologies Inc	United States	13,172	2020		3,870,196	Courtemanche	Jan 2002
NORTONLIFELOCK INC.	United States	14,457	2021	0.16%	3,550,677	Pilette	Nov 2019
ADOBE INC.	United States	293,345	2020	0.55%	3,307,478	Narayan	Dec 2007
THE TRADE DESK, INC.	United States	48,222	2020	2.08%	3,006,137	Green	Nov 2009
BLACK KNIGHT, INC.	United States	11,100	2020	0.37%	2,931,481	Jabbour	Apr 2018
PALO ALTO NETWORKS, INC.	United States	54,736	2021	0.56%	2,928,069	Arora	Jun 2018
WORKDAY, INC.	United States	68,558	2020	0.23%	2,693,925	Bhusri	May 2014
Open Text Corporation	Canada	12,860	2021	0.22%	2,585,600	Barrenechea	Jan 2012
INTUIT INC.	United States	170,953	2020	0.11%	2,548,462	Goodarzi	Jan 2019
AUTODESK, INC.	United States	55,884	2021	0.41%	2,196,870	Anagnost	Feb 2017
SYNOPSYS, INC.	United States	52,003	2020	0.58%	2,169,600	Chan	May 2012
SYNOPSYS, INC.	United States	52,003	2020	0.58%	2,168,500	de Geus	Jan 1994
CADENCE DESIGN SYSTEMS, INC.	United States	45,248	2020	0.97%	2,106,095	Tan	Jan 2009
NUANCE COMMUNICATIONS, INC.	United States	17,726	2020	1.30%	2,028,967	Benjamin	Apr 2018
FAIR ISAAC CORPORATION	United States	11,576	2020	0.40%	1,988,750	Lansing	Jan 2012
ANSYS, INC.	United States	34,158	2020	0.41%	1,813,021	Gopal	Jan 2017
FORTINET, INC.	United States	54,300	2020	0.39%	1,780,163	Xie	Oct 2000
.....							
ZSCALER, INC.	United States	42,442	2020	0.54%	23,660	Chaudhry	Sep 2007
Lightspeed Commerce Inc	Canada	18,667	2021	3.70%	2,976	Dasilva	Jan 2005
HUBSPOT, INC.	United States	38,126	2020	1.50%	1,243	Halligan	Jan 2005
Asana Inc	United States	19,116	2021		1	Moskovitz	Oct 2010
Constellation Software Inc.	Canada	34,683	2020	0.34%	0	Leonard	Jan 1995

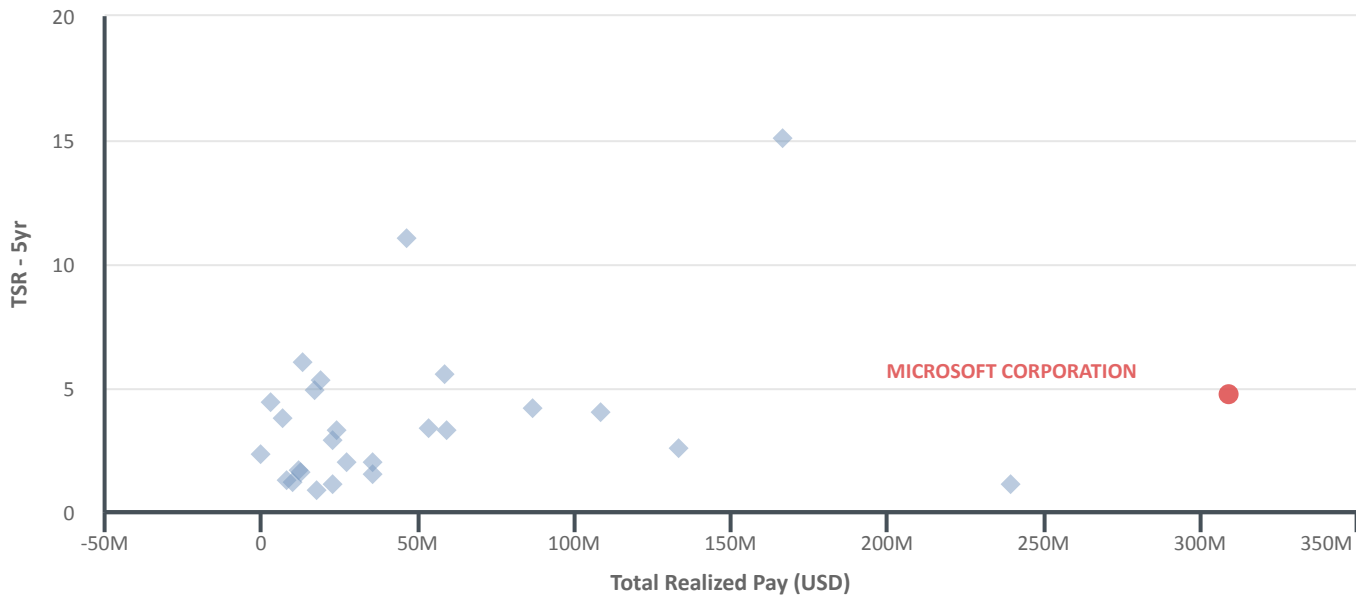
Due to the large size of this peer group, only a subset of companies is displayed in this table.

CEO TOTAL AWARDED PAY VERSUS PAY PEER GROUP



Pay Peers (★) are used in the calculation of the Key Metric CEO Pay Total Summary and selected as set out in the MSCI Governance Metrics Methodology Document.

CEO TOTAL REALIZED PAY VERSUS PAY PEER GROUP



Pay Peers (★) are used in the calculation of the Key Metric CEO Pay Total Summary and selected as set out in the MSCI Governance Metrics Methodology Document.

PAY PERFORMANCE ALIGNMENT

CEO & EXECUTIVE EQUITY

CEO equity policy as a multiple of salary: 15.0

Maintain a stock ownership policy that reinforces the alignment of executive officer and shareholder interests (including requiring stock ownership of 15x base salary for the CEO).

Executive	Tenure (Years)	Shares Held	YoY % Change	Shareholding As % of Salary
Amy Hood <span>I</span> <span>\$</span>	8	455,832		
Bradford (Brad) Smith <span>I</span>		674,779		
Christopher (Chris) Young <span>I</span>		91,473		
Jean-Philippe Courtois <span>I</span>		575,636		
Satya Nadella <span>I</span>	7	1,673,037	-16.19%	18129.01%

\$ - Financial Expert I - Industry Expert (5)

## CLAWBACK & MALUS

Clawback or malus provisions are in place.

Clawback Type:

Performance Based

## SEVERANCE & CHANGE OF CONTROL

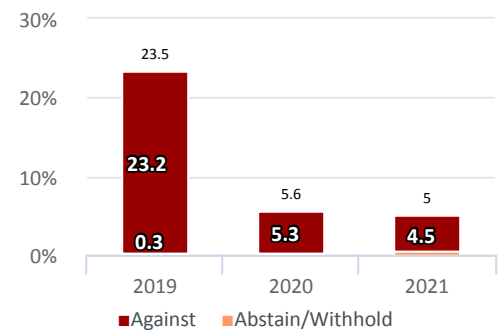
CEO	Annual Pay (USD)	Potential Cash Severance - Involuntary (USD)	Potential Cash Severance - Change of Control (USD)	Multiple of Annual Pay – Involuntary	Multiple of Annual Pay – Change of Control
Satya Nadella <span>I</span>	16,822,250 USD	91,530,656 USD		5.44 times	0.00 times

I - Industry Expert

## LATEST PAY VOTES

Year	Vote Type	Votes For %	Votes Against %	Abstain %
2021	Advisory Vote on Executive Compensation	94.9%	4.5%	0.5%

### Vote Results History Say on Pay Vote



## EQUITY PLAN DILUTION

	2021	2020	2019
Shares Outstanding	7,514,891,248	7,567,652,935	7,635,409,400
Equity Reserved	5.9%	6.7%	7.7%
Shares granted/awarded (in year)	0.5%	0.7%	0.8%

## NON-EXECUTIVE DIRECTOR PAY

## NON-EXECUTIVE EQUITY

Director	Tenure (Years)	Shares Held
Charles (Charlie) Scharf \$	7	42,416
Emma Walmsley	2	5,283
Hugh Johnston \$	4	5,848
John Stanton	7	83,147
John Thompson I \$	9	94,387
Padmasree Warrior I	6	15,820
Penny Pritzker \$	4	20,716
Reid Hoffman \$	4	15,905
Sandra Peterson \$	6	25,153
Teri List-Stoll \$	7	25,026

\$ - Financial Expert (7) I - Industry Expert (2)

## NON-EXECUTIVE PAY TABLES

Director	Tenure (Years)	Cash Fees	Other Comp	Stock Award	Total Pay	Total Pay (USD)
Arne Sorenson \$	N/A (Resigned)	116,653 USD	0 USD	150,000 USD	266,653 USD	266,653
Charles (Charlie) Scharf \$	7	125,000 USD	0 USD	200,000 USD	325,000 USD	325,000
Emma Walmsley	2	125,000 USD	13,422 USD	200,000 USD	338,422 USD	338,422
Hugh Johnston \$	4	170,000 USD	5,000 USD	200,000 USD	375,000 USD	375,000
John Stanton	7	140,000 USD	15,000 USD	200,000 USD	355,000 USD	355,000
John Thompson I \$	9	125,000 USD	15,000 USD	360,000 USD	500,000 USD	500,000
Padmasree Warrior I	6	125,000 USD	0 USD	200,000 USD	325,000 USD	325,000
Penny Pritzker \$	4	140,000 USD	0 USD	200,000 USD	340,000 USD	340,000
Reid Hoffman \$	4	125,000 USD	0 USD	200,000 USD	325,000 USD	325,000
Sandra Peterson \$	6	140,000 USD	15,000 USD	200,000 USD	355,000 USD	355,000
Teri List-Stoll \$	7	140,000 USD	15,000 USD	200,000 USD	355,000 USD	355,000

\$ - Financial Expert (8) I - Industry Expert (2)

## CONTROVERSIES &amp; EVENTS

No major relevant controversies have been uncovered.



OWNERSHIP & CONTROL

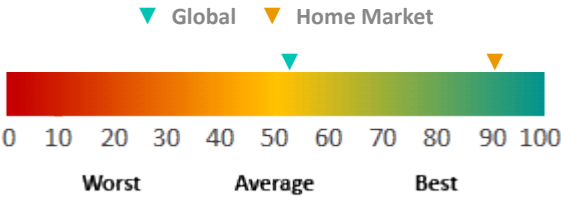
The company's ownership structure and shareholder rights at Microsoft fall within the average scoring relative to global peers.

0-10 Score	Global Percentile Rank	Home Market Percentile Rank
7.2	54th (Average)	92nd (Above Average)

KEY METRICS SCORING

	Deduction
DIRECTOR ELECTIONS	
Majority Voting	-0.20
OWNERSHIP STRUCTURE	
Dispersed Ownership Concerns	-0.20
SHAREHOLDER RIGHTS	
Bylaws Amendments	-0.10
Shareholder Rights to Convene Meeting	-0.10
TAKEOVER PROVISIONS	
Business Combination Provision	-0.10
Fair Bid Treatment Provisions	-0.10

OWNERSHIP & CONTROL PERFORMANCE VS.



CORPORATE STRUCTURE

Public Company

CAPITAL STRUCTURE

Capital Type	Votes Per Share	Shares Outstanding
Common Shares	1.0	7,507,897,348

OWNERSHIP STRUCTURE

OWNERSHIP CATEGORIES

- Widely Held

NOTABLE SHAREHOLDERS

There is no principal shareholder at this firm.  
5%+ shareholders - Aggregate Voting Power 14.9%

The company does not have a special capital structure, thus one vote right is afforded per common share. This principle of 'one share one vote' helps align economic and voting power and ensures that no class of shareholders has more voting power than economic exposure.

## TAKEOVER PROVISIONS

Fair Price Provision	Mandatory Bid Provision	Mandatory Bid Ownership Threshold
Yes	No	

State of Incorporation	Business Combination Provision
Washington	Yes

% of Votes to Approve a Merger
51%

## GOVERNING DOCUMENTS

## MAJORITY REQUIREMENTS

	Bylaws	Charter
Default percentage of votes required to amend a provision	51%	51%

The shareholders may amend or repeal these Bylaws, or adopt new bylaws, even though the Bylaws also may be amended or repealed, or new bylaws also may be adopted, by the Board, by action taken in the manner provided by the WBCA and the Articles of Incorporation.

State Law Mandate of Washington

## SHAREHOLDER RIGHTS

There may be governance risks for investors in relation to shareholder rights and management-controlled takeover defense mechanisms at Microsoft including:

- The board's ability to amend the company's bylaws without shareholder approval
- business combination provisions that fail to include protections of shareholder interests
- Limits on the right of shareholders to convene a special or emergency general meeting
- Limits on the right of shareholders to take action by written consent

## SHAREHOLDER MEETINGS &amp; RESOLUTIONS

	Call Special Meeting	Requisition a Resolution at AGM	Act by Written Consent
Percentage of shares required	15%		100%

## RESTRICTIONS ON LEGAL ACTION BY SHAREHOLDERS

No exclusive forum provision has been identified.

## SAY ON PAY

We note that shareholder votes on executive pay are mandatory in this market, affording shareholders the ability to review and approve executive pay practices at this company.

## DIRECTOR ELECTIONS

## BOARD RE-ELECTION PROVISIONS

Board Re-election Provisions	
Board Re-election Frequency (Years)	1
% of Board subject to re-election	100%

## DIRECTOR ELECTION STANDARD

The company has not adopted a binding majority director election standard (with immediate resignation if the director does not receive a majority of the votes cast), which may limit shareholders' ability to hold members of the board accountable in uncontested elections.

Director Election Rules	
Vote Standard	Majority & Resignation Policy
Immediate Binding Resignation	No

In an uncontested election, each director will be elected by a majority of the votes cast. A majority of votes cast means the number of shares cast "for" a director's election exceeds the number of votes cast "against" that director. We will not treat as cast any share (a) whose ballot is marked as withheld, (b) that is otherwise present at the meeting but for which there is an abstention, or (c) that is otherwise present at the meeting as to which a shareholder gives no authority or direction. In a contested election, the directors will be elected by a plurality of the votes cast, meaning the directors receiving the largest number of "for" votes will be elected.

In an uncontested election, a nominee who does not receive a majority vote will not be elected. Except as explained in the next paragraph, an incumbent director who is not elected because he or she does not receive a majority vote will continue to serve as a holdover director until the earliest of: (a) 90 days after the date on which the election inspector determines the voting results as to that director, (b) the date on which the Board of Directors appoints an individual to fill the office held by that director, or (c) the date of that director's resignation.

## PROXY ACCESS

A proxy access provision is in place.

Proxy Access Terms	
Ownership Duration (Years)	3
Ownership Threshold (% of shares)	3%
Min/Max % of Board Seats	20%
Min/Max Number of Board Seats	2

ACCOUNTING

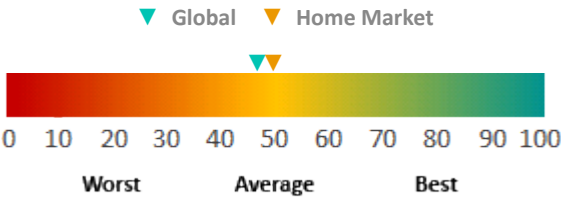
Based on the company's disclosures and other public information, accounting and financial reporting practices at Microsoft appear to be generally appropriate and effective relative to global peers. We have flagged this company for potential concerns regarding expense recognition ratios (based on our quantitative assessment).

0-10 Score	Global Percentile Rank	Home Market Percentile Rank
7.3	48th (Average)	51st (Average)

KEY METRICS SCORING

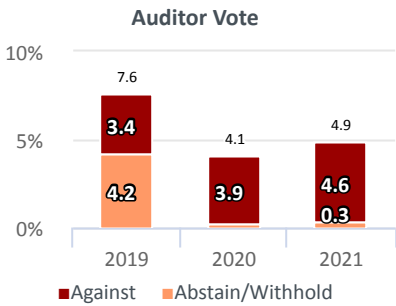
	Deduction
ACCOUNTING VARIANCE	
Revenue Recognition	-0.04
Expense Recognition	-0.22
Asset-Liability Valuation	-0.20

ACCOUNTING PERFORMANCE VS.



EXTERNAL AUDITORS

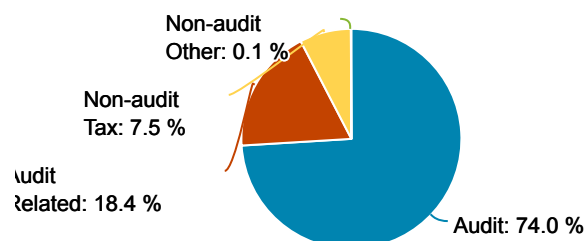
Type	Since	Firm	Most Recent Fiscal Year End Signed Off
Primary	1983	Deloitte & Touche LLP	2021



## AUDITOR FEES

### Fees paid to: Deloitte & Touche LLP (Primary)

Fee	Jun 30, 2021 (USD)	Jun 30, 2020 (USD)	Jun 30, 2019 (USD)
Audit	42,300,000	41,710,000	41,443,000
Audit Related	10,491,000	10,150,000	14,446,000
<b>Total Audit + Audit Related</b>	<b>52,791,000</b>	<b>51,860,000</b>	<b>55,889,000</b>
Tax Compliance/Advice	4,312,000	3,377,000	2,244,000
Other Non-audit Services	37,000	54,000	146,000
<b>Total Non-audit Fees</b>	<b>4,349,000</b>	<b>3,431,000</b>	<b>2,390,000</b>
<b>Total Fees</b>	<b>57,140,000</b>	<b>55,291,000</b>	<b>58,279,000</b>



## AUDITOR REPORT

	Jun 30, 2021	Jun 30, 2020	Jun 30, 2019
Report Disclosed	Yes	Yes	Yes
Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
Emphasis of Matter	No	No	No

## CONTROVERSIES & EVENTS

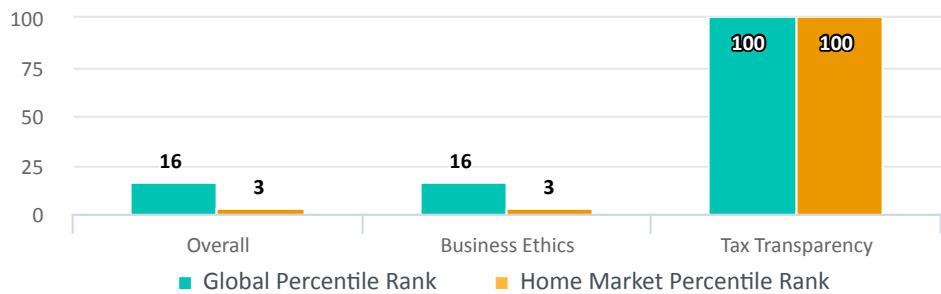
No major relevant controversies have been uncovered.



Corporate Behavior

0-10 Score	Change (since rating)	Quartile	As of
3.8	0.0	•	Mar 17, 2021

CORPORATE BEHAVIOR THEME AND KEY ISSUE RANKINGS



METHODOLOGY NOTE

This theme evaluates the extent to which companies may face ethics issues such as fraud, executive misconduct, corruption scandals, money laundering, anti-trust violations, or tax-related controversies.

\* [ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

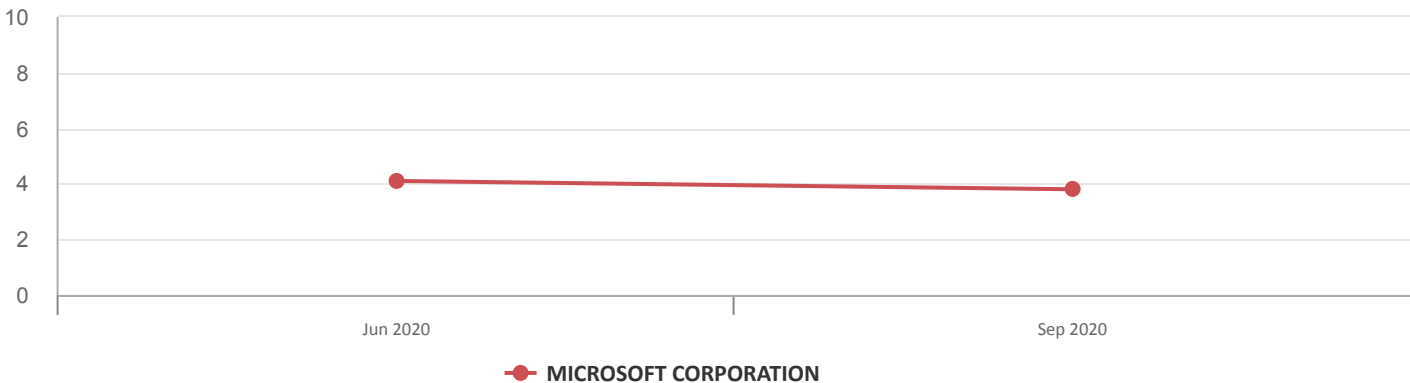
KEY AREAS OF CONCERN\*

SCORING DEDUCTIONS

<b>Business Ethics Policies &amp; Practices</b>	<b>(-1.40)</b>
Whistleblower Protection	
Employee Training on Ethical Standards	
<b>Business Ethics Risk &amp; Controversies</b>	<b>(-4.80)</b>
Corruption Risk Exposure & Controversies	
Business Ethics Controversies	

\*Key areas of concern include flagged key metrics that represent the largest scoring deductions. Please review the full report to see a complete set of flagged key metrics.

CORPORATE BEHAVIOR SCORE HISTORY



BUSINESS ETHICS

KEY METRICS SCORING

	Deduction
BUSINESS ETHICS POLICIES & PRACTICES	-1.40
Whistleblower Protection	-0.70
Employee Training on Ethical Standards	-0.70
BUSINESS ETHICS RISK & CONTROVERSIES	-4.80
Corruption Risk Exposure & Controversies	-1.20
Business Ethics Controversies	-3.60

Note: Business Ethics Policies & Practices deductions as well as Business Ethics Risk & Controversies are capped at a maximum of -7.0. Cumulative deductions are capped at 10.

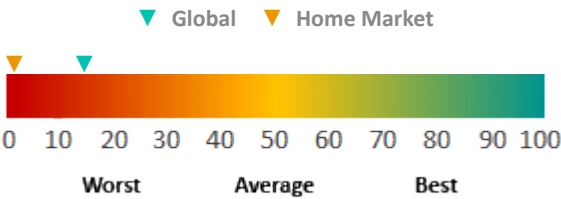
0-10 Score	Change (since rating)	Global Percentile Rank	Home Market Percentile Rank
3.7	0.0	16th (Below Average)	3rd (Worst In Class)

METHODOLOGY NOTE

Companies are evaluated on their oversight and management of business ethics issues such as fraud, executive misconduct, corrupt practices, money laundering, or anti-trust violations.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

BUSINESS ETHICS VS.



BUSINESS ETHICS POLICIES & PRACTICES

Indicators	Company Practice	Best Practice	Deduction
Oversight for Ethics Issues	C-suite or Executive committee	Board-level committee or C-suite or Executive committee	0.00
Bribery and Anti-Corruption Policy	Detailed formal policy on bribery and anti-corruption	Detailed formal policy on bribery and anti-corruption	0.00
Regular Audits of Ethical Standards	Audits of all operations at least once every three years	Audits of all operations at least once every three years	0.00
Whistleblower Protection	Whistleblower protection with no details on system or legal protection	Formal anonymous whistleblower system with legal protection	-0.70
Employee Training on Ethical Standards	Programs covering all permanent employees (excluding part-time and contractors)	Programs covering all employees (including part-time) and contractors	-0.70
Anti-Corruption Policy for Suppliers	NA	All suppliers are required to have anti-corruption policies and programs to verify compliance	0.00
Policies Related to Anti-Money Laundering	NA	Policy and implementation strategy articulated	0.00

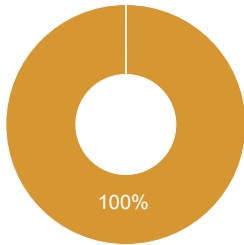
\*Business Ethics Policies & Practices deductions are capped at a maximum of -7.0.

## CORRUPTION RISK EXPOSURE

**Exposure to:** Regulatory risks or lost market access due to corruption scandals or political and social instability

**Business Types :** Percentage of operations in business segments perceived most likely to pay or receive bribes

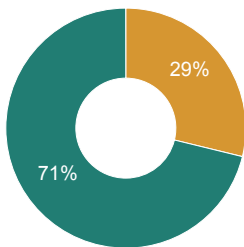
■ High Risk ■ Medium Risk ■ Low Risk



- No exposure to high risk segments
- Enterprise software, Consumer software, Cloud computing services, Electronic Computers, Interactive Media and Search, Integrated systems design, Interactive Home Entertainment
- No exposure to low risk segments

*Source: Bribe Payers Index (Transparency International); State Capture Index (Transparency International); Refinitiv; MSCI ESG Research; company disclosure*

**Business Locations :** Percentage of operations in countries with high/moderate/low level of corruption and political instability, violence or terrorism



- No operations in markets with high risks
- other countries
- Ireland, USA

*Source: Corruption Perceptions Index (Transparency International); World Governance Indicators (World Bank); Refinitiv; MSCI ESG Research; company disclosure*

## CORRUPTION RISK EXPOSURE SCORING DEDUCTION KEY

% of operations in medium and high risk geographies	% of operations in high risk business segments	>=20% government ownership	<20% government ownership	No evidence of government ownership
20% or more	50% or more	-4.00	-2.60	-2.00
	Less than 50%	-1.20	-1.20	-1.20
Less than 20%	50% or more	-0.60	-0.60	-0.60
	Less than 50%	0.00	0.00	0.00

\*The Corruption Risk and Controversies Deduction is based on the maximum of deductions from the corruption risk exposure and corruption controversies category listed below

## BUSINESS ETHICS CONTROVERSIES

### Controversy Cases

Category	Assessment	Headline	Status	Last Updated	Deduction
Business Ethics & Fraud	Moderate	Spain: CNMC investigation over alleged failure to disclose the provisions of 'Skype Out' services to the public	Ongoing	May 2020	-1.8
Anticompetitive Practices	Moderate	EU, Teams: European Commission launched antitrust investigation	Ongoing	October 2021	-1.8
	Moderate	United States: FTC review of past acquisitions for potential antitrust violations	Ongoing	February 2020	



Category	Assessment	Headline	Status	Last Updated	Deduction
	Minor	U.S. and Canada: Consumer class action lawsuits over alleged unfair competition practices related to its operating system products between 1998 and 2010	Ongoing	March 2021	
Corruption	Moderate	Xinjiang region: Allegations of subjecting Uyghurs to forced labor in factories	Ongoing	November 2020	-1.2

*\*The maximum deductions from the Anticompetitive Practices and Business Ethics & Fraud categories are summed to arrive at the overall Business Ethics Controversies deduction, which is capped at a maximum of -7.0.*

TAX TRANSPARENCY

TAX GAP ASSESSMENT

Indicators	
Tax Gap	
Estimated Effective Tax Rate	13.3%
Estimated Corporate Income Tax Rate	26.6%
Estimated Tax Gap	(13.3%)
Tax Gap Assessment	High Gap
Revenue	
Foreign Revenue	48.8%
Confidence	
Confidence Level of Estimation	Medium
Involvement in Controversies	
Tax Gap Score*	
6.0	

\*The Tax Gap Score is based on the estimated tax gap, country revenue transparency, foreign revenues, controversies and whether a company is classified as a tax-favored structure such as a REIT. The score is derived on a 0-10 scale and can be used for cross-company comparisons but does not contribute to a company's overall ESG Rating.

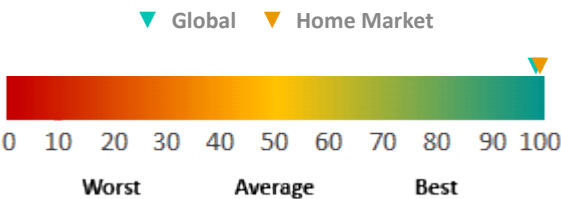
0-10 score	Change (since rating)	Global Percentile Rank	Home Market Percentile Rank
10.0	0.0	100th (Best In Class)	100th (Best In Class)

METHODOLOGY NOTE

Companies are evaluated on their estimated corporate tax gap (i.e. gap between estimated effective tax rate and estimated corporate income tax rate) and their involvement in tax-related controversies.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

TAX TRANSPARENCY VS.



TAX CONTROVERSIES

Controversy Cases					
Category	Assessment	Headline	Status	Last Updated	Deduction
Tax Transparency	--	No ongoing controversies.	--	--	--

TAX CONTROVERSIES SCORING DEDUCTION KEY

Involvement in tax controversies	Estimated tax gap	Tax gap assessment	Deduction
Yes	Below 5%	Low	-0.80
	5-10%	Moderate	-1.40
	Above 10%	High	-2.00
No	Below 5%	Low	0.00
	5-10%	Moderate	0.00
	Above 10%	High	0.00

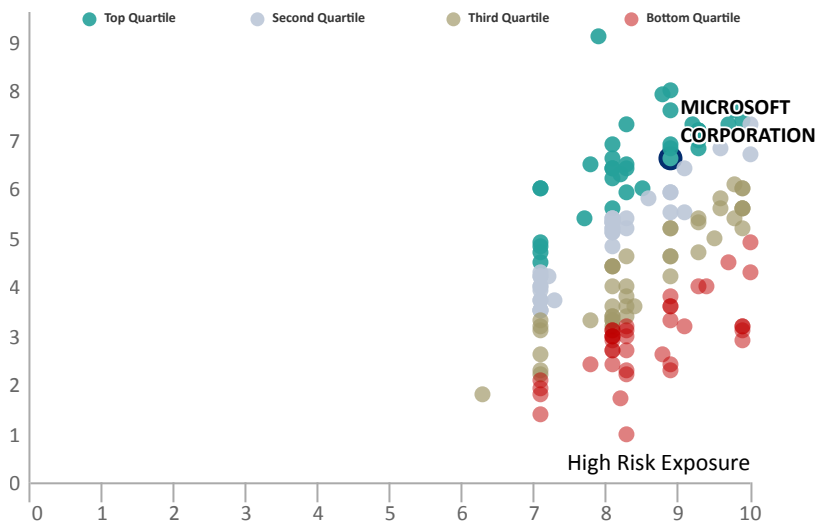
Tax related controversies are not considered for companies in Real Estate Management services or Mortgage REITs industries. Tax gap assessment is effectively low for companies with less than 5% of total revenue categorized as foreign.



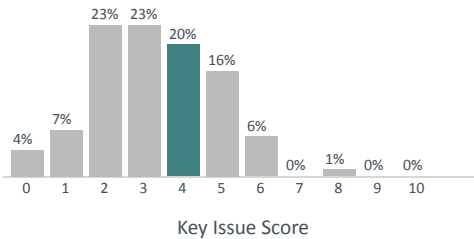
Human Capital  
Development

Score	Change (since rating)	Quartile	Weight	As of
4.7	▲ 0.9	●●●●	26.0%	Oct 20, 2021

Strong Risk Management



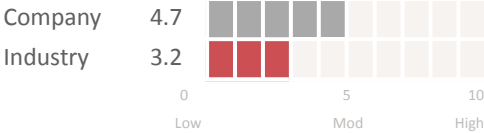
KEY ISSUE SCORE DISTRIBUTION\*



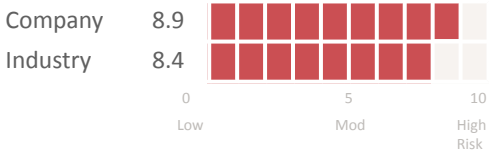
TOP 5 INDUSTRY LEADERS

SAP SE	8.2
NTT DATA CORPORATION	6.1
Nomura Research Institute, Ltd.	6.1
EDENRED SE	6.0
BENTLEY SYSTEMS, INCORPORATED	5.9

KEY ISSUE  
ASSESSMENT



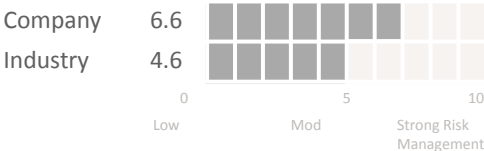
RISK EXPOSURE ASSESSMENT



Drivers of Risk Exposure



RISK MANAGEMENT ASSESSMENT



Drivers of Risk Management



BOTTOM 5 INDUSTRY LAGGARDS

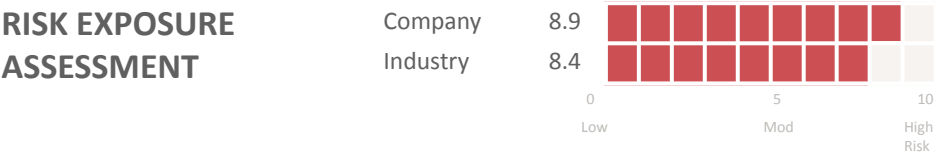
GDS HOLDINGS LIMITED	0.3
VNET Group, Inc.	0.3
China TransInfo Technology Co., Ltd	0.2
Chindata Group Holdings Ltd	0.0
Fawry for Banking Technology and Electronic Payment SAE	0.0

METHODOLOGY NOTE

Companies are evaluated on their workforce talent requirements and their ability to attract, retain, and develop a highly skilled workforce.

\* [ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

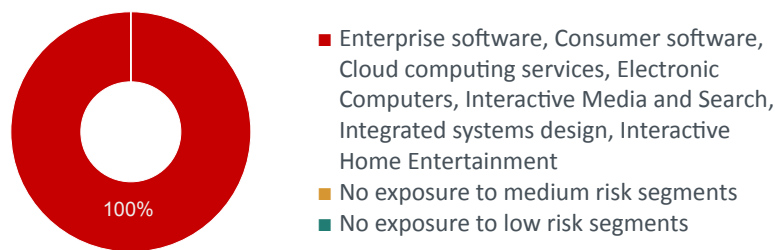
EXPOSURE



Key Drivers of Risk Exposure

**Exposure to:** Risk of increased turnover and associated costs of rehiring, loss of intellectual and human capital through attrition, reduced ability to attract talent

**Business Types :** Percentage of operations in business segments with high/moderate/low levels of employee qualification needs and compensation per employee



Source: Employment Projections Program (US Bureau of Labor Statistics); Occupational Employment Statistics (US Bureau of Labor Statistics); Refinitiv; MSCI ESG Research; company disclosure

Layoffs and Restructuring Events

Major merger or acquisition in the last three years (affecting large proportion of staff):	Yes
Major layoffs in the last three years (affecting 10% of staff or over 1,000 employees):	No Evidence

MANAGEMENT



Description	Company Practice	Best Practice	Practices Score <sup>2</sup>
Practices			

Scope of support for degree programs and certifications	General statements on training and development	Programs covering all employees (including part-time and contractors)	-	LOW	MID	TOP
---	--	---	---	-----	-----	-----

## Strategy

Extent of grievance reporting or escalation procedures	Company offers internal employee council / committee but grievance procedures unknown	Formal grievance escalation/reporting (confidential)	-	LOW	MID	TOP
Engagement surveys to monitor employee satisfaction	Surveys conducted annually	Surveys conducted annually	-	LOW	MID	TOP

## Talent pipeline development strategy

Formal talent pipeline development strategy (forecasts hiring needs, actively develops new pools of talent)	Yes	Yes	-	LOW		TOP
Graduate traineeship/apprenticeship program	Yes	Yes	-	LOW		TOP
Partners with educational institutions to develop or deliver joint training programs for staff	Not Disclosed	Yes	-	LOW		TOP

## Programs & Initiatives

Scope of employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP)	Sector-leading number of employees eligible for ESOP and/or ESPP	Sector-leading number of employees eligible for ESOP and/or ESPP	-	LOW	MID	TOP
Non-salary benefits and work/life balance	Benefits cover selected employees	Benefits cover all employees	-	LOW	MID	TOP
Regular performance appraisals and feedback processes	Yes	Sector leading programs	-	LOW	MID	TOP
Job-specific development training programs	Yes	Sector leading programs	-	LOW	MID	TOP
Evidence of managerial/ leadership development training	Comprehensive succession planning & development programs at multiple levels	Comprehensive succession planning & development programs at multiple levels	-	LOW	MID	TOP

## Training

Year (YYYY)	Percentage of employees receiving training	Annual training hours per employee
2020		
2019		

Year (YYYY)	Percentage of employees receiving training	Annual training hours per employee
2018		
2017		
2016		
2015		26.00
2014		30.40
2012		33.60
2011		22.40

Performance

External recognition as employer of choice (last three years)	Recognized as top employer on credible external list
External recognition - details	2020-
	Glassdoor - Best place to work
	<a href="https://www.glassdoor.com/Award/Best-Places-to-Work-LST_KQ0,19.htm">https://www.glassdoor.com/Award/Best-Places-to-Work-LST_KQ0,19.htm</a>
	=====
	2019
	Forbes
	<a href="https://www.forbes.com/companies/microsoft/?list=world-best-employers/#6b9cb1a473f7">https://www.forbes.com/companies/microsoft/?list=world-best-employers/#6b9cb1a473f7</a>
	Glassdoor
	<a href="https://www.glassdoor.com/Award/Best-Places-to-Work-LST_KQ0,19.htm">https://www.glassdoor.com/Award/Best-Places-to-Work-LST_KQ0,19.htm</a>
	=====
	2018:
	Website Accessed on 18 Feb 2019
	<a href="https://www.glassdoor.com/Award/Best-Places-to-Work-2018-LST_KQ0,24.htm">https://www.glassdoor.com/Award/Best-Places-to-Work-2018-LST_KQ0,24.htm</a>
	2017&2018 Best Places to work
	2017

- Ranked #33 Canada's Best Employers and #109 America's Best Employers on Forbes Lists 2016
  - Ranked #37 by Glassdoor’s Best Places to Work 2016
  - Ranked #7 on Fortune magazine's 2016 Great Place to Work
  - Named Best Employer in Singapore 2015
- 2016
- Ranked #86 on Fortune magazine's 2014 list of 100 Best Companies to Work For
  - Received the Global Randstad Award for 2015 as the most attractive employers among thousands of companies

Workforce Diversity

Year (YYYY)	Annual employee turnover	Profit per employee (USD '000)	Percentage of women in executive management	Details
			14.30%	
			40.00%	
			60.00%	
			20.00%	
2020		271.66	33.30%	10/7/2020  Profit = 44,281 Mn USD  10 K 2020 pg 55/118  Employee =163,000  PPE =271662.5766871166 =271.66 USD 000` =====

## CONTROVERSIES

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis. The Microsoft has been flagged for involvement in controversial events or alleged misconduct.

## Controversy Cases

Assessment	Headline	Status	Last Updated
Moderate	Washington, United States: Putative class action over alleged gender harassment and discrimination in pay and promotions	Ongoing	November 2021
Moderate	GitHub: Errors acknowledged in the wrongful dismissal of Jewish employee after warning against Nazis during the Capitol riot on internal Slack channel; dismissal reversed and HR head resigned	Concluded	February 2021
Moderate	United States: OFCCP inquiry on diversity hiring commitment as potential unlawful discrimination	Ongoing	December 2020
Moderate	United States: Early agreement of USD 3 million with OFCCP over alleged racial discrimination in hiring practices that affected 1,229 applicants	Concluded	October 2020
Minor	Gästrikland, Sweden: Local union's safety representatives protested over allegation of improperly imposing confidentiality agreement before granting access to data center	Ongoing	October 2021
Minor	Utah, US: Lawsuit over alleged denial of claims for residential treatment benefits in violation of ERISA	Ongoing	October 2021
Minor	Ontario, Canada: Lawsuit over allegations of unfair termination of stock awards upon dismissal without cause	Concluded	May 2021
Minor	LinkedIn Corp., California: Purported class action over alleged mismanagement of employees 401(k) retirement funds	Ongoing	January 2021

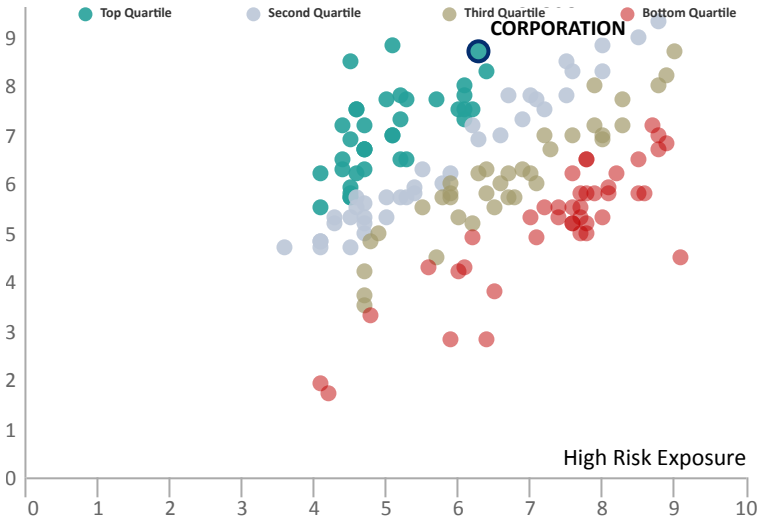




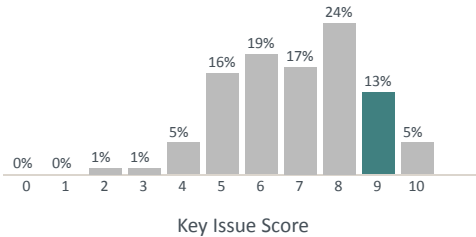
Privacy & Data Security

Score	Change (since rating)	Quartile	Weight	As of
9.4	0.0	●●●●	21.0%	Mar 17, 2021

Strong Risk Management



KEY ISSUE SCORE DISTRIBUTION\*



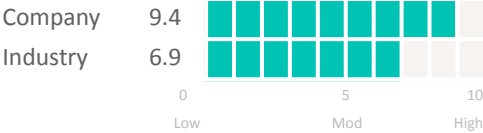
TOP 5 INDUSTRY LEADERS

BLACK KNIGHT, INC.	10.0
ZENDESK, INC.	10.0
Douzone Bizon Co Ltd	9.9
WORKDAY, INC.	9.9
XERO LIMITED	9.8

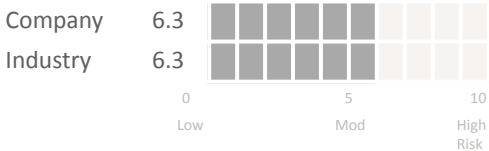
BOTTOM 5 INDUSTRY LAGGARDS

EPAM SYSTEMS, INC.	4.2
FISERV, INC.	4.2
Fawry for Banking Technology and Electronic Payment SAE	3.9
Shanghai Baosight Software Co., Ltd.	3.4
THE TRADE DESK, INC.	2.4

KEY ISSUE ASSESSMENT



RISK EXPOSURE ASSESSMENT



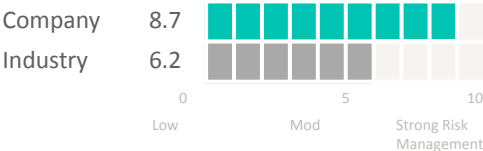
Drivers of Risk Exposure



Business Locations



RISK MANAGEMENT ASSESSMENT



Drivers of Risk Management



Controversy Deduction

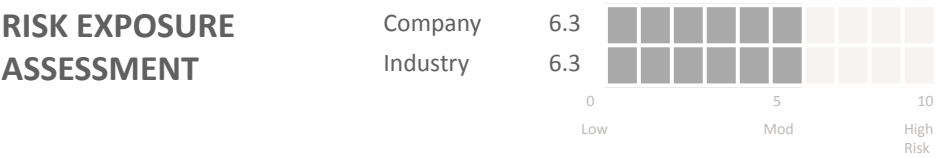


METHODOLOGY NOTE

Companies are evaluated on the amount of personal data they collect, their exposure to evolving or increasing privacy regulations, their vulnerability to potential data breaches, and their systems for protecting personal data.

\* [ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

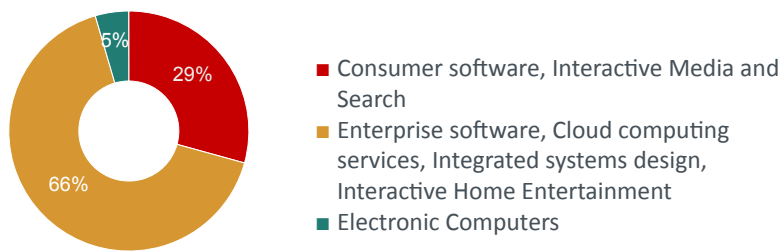
EXPOSURE



Key Drivers of Risk Exposure

**Exposure to:** Risk of compliance cost increase or reputational damage from data breaches or controversial use of personal data

**Business Types :** Percentage of revenue derived from business segments that · require collection and/or handling of sensitive personal data · have witnessed high cost and frequency of data breaches



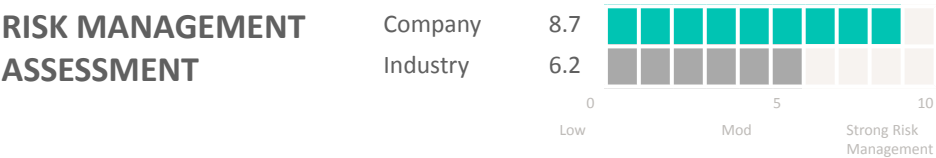
Source: Cost of Data Breach Report (Ponemon Institute); Data Breach Investigations Report (Verizon); Refinitiv; MSCI ESG Research; company disclosure

**Business Locations :** Percentage of operations in countries with strengthening or evolving data and privacy regulations, with high cost of data breaches



Source: Cost of Data Breach Report (Ponemon Institute); Refinitiv; MSCI ESG Research; company disclosure

MANAGEMENT



Description	Company Practice	Best Practice	Practices Score <sup>2</sup>			
Practices - Operations						
Scope of company's publicly available data protection policy	Policy governs all relevant business lines/subsidiaries	Policy governs all relevant business lines/subsidiaries	-	LOW	MID	TOP
Rights provided to individuals regarding the control of their data	Right of access, rectification and deletion of individuals' data	Right of access, rectification and deletion of individuals' data	-	LOW	MID	TOP
Information Security Policies and Systems audit frequency	External independent audits are conducted at least once every two years	External independent audits are conducted at least once every two years	-	LOW	MID	TOP
Company's executive body responsible for: Privacy and Data security	Board-level committee	Board-level committee	-	LOW	MID	TOP

## Practices - Employees

Scope of employee training on data security and/or privacy-related risks & procedures	Training is provided to all permanent employees	Training is provided to all employees, including contractors	-	LOW	MID	TOP
---	---	--	---	-----	-----	-----

## Data Security Investments

Year	Investment in Data Security (in USD mn)	Total Sales (in USD mn)	Investment in Data Security / Total Revenue	Investment in Data Security / Total Asset	Details (e.g. type of investments, technology adopted, etc.)
		93,580	1.07%		
		85,320	1.17%		

## CONTROVERSIES

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis. The Microsoft has been flagged for involvement in controversial events or alleged misconduct.

## Controversy Cases

Assessment	Headline	Status	Last Updated
Moderate	China, LinkedIn: Administrative order by CAC over improper collection of app users' private information	Concluded	August 2021
Moderate	UK: Allegations of Power Apps misconfiguration resulting in breach of private data of 38 million users	Ongoing	August 2021
Moderate	United States: Reports of compromised Office 365, Azure AD accounts related to suspected foreign state-sponsored cyberattack	Ongoing	August 2021
Moderate	Reports of series of cyberattacks of Microsoft Exchange servers impacting multiple organizations worldwide related to suspected state-backed hack	Ongoing	August 2021
Moderate	European Union: Investigation into potential violation of EU data protection laws related to Microsoft Office 365	Ongoing	July 2021
Minor	US: Lawsuits over alleged unauthorized use of people's images for training facial recognition technologies	Ongoing	October 2021
Minor	Illinois, US: Proposed class action over alleged unauthorized collection of Uber drivers' facial biometrics through Face API embedded software	Ongoing	August 2021

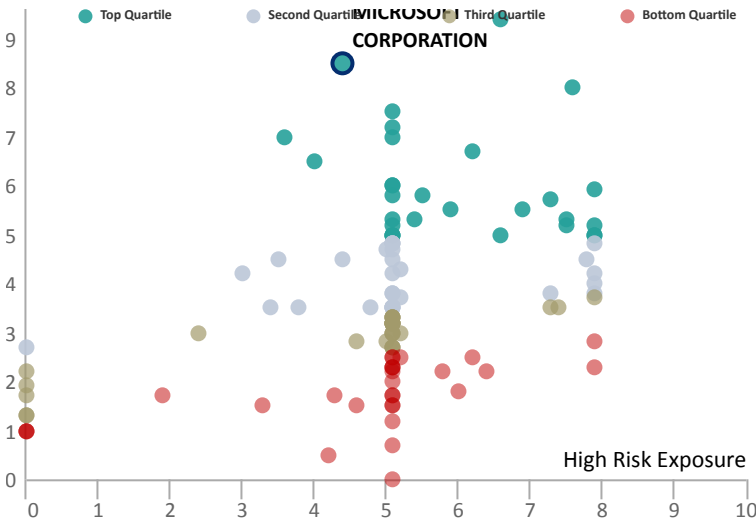
Assessment	Headline	Status	Last Updated
Minor	Investigations on alleged data scraping incident of over 500 million LinkedIn users' profiles; no breach of private data reported	Ongoing	July 2021



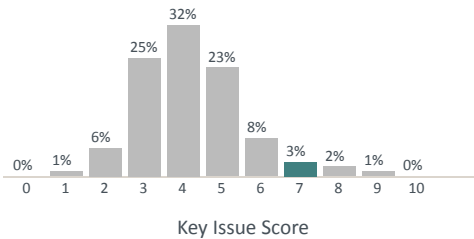
# Opportunities in Clean Tech

Score	Change (since rating)	Quartile	Weight	As of
7.5	0.0	●●●●	11.0%	Mar 17, 2021

Strong Risk Management



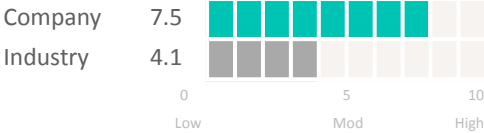
KEY ISSUE SCORE DISTRIBUTION\*



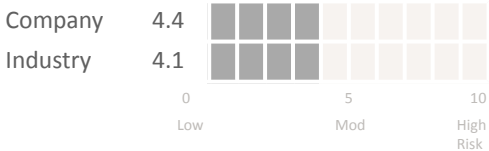
TOP 5 INDUSTRY LEADERS

INTERNATIONAL BUSINESS MACHINES CORPORATION	8.7
FUJITSU LIMITED	7.6
MICROSOFT CORPORATION	7.5
Chindata Group Holdings Ltd	6.9
ORACLE CORPORATION	6.7

KEY ISSUE ASSESSMENT



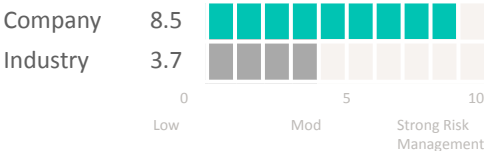
RISK EXPOSURE ASSESSMENT



Drivers of Risk Exposure



RISK MANAGEMENT ASSESSMENT



Drivers of Risk Management



Performance Score



BOTTOM 5 INDUSTRY LAGGARDS

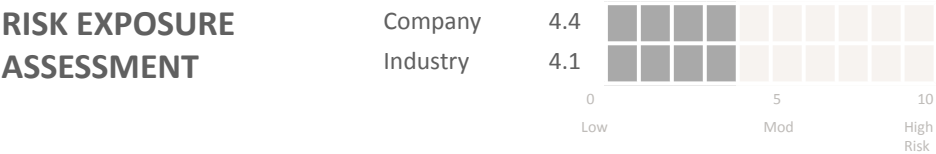
Thunder Software Technology Co Ltd	2.4
SS&C TECHNOLOGIES HOLDINGS, INC.	2.1
TEMENOS AG	2.0
XERO LIMITED	2.0
Hundsun Technologies Inc.	1.2

METHODOLOGY NOTE

Companies are evaluated on their clean tech innovation capacity, strategic development initiatives, and revenue generated from clean technologies.

\* [ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

EXPOSURE



Key Drivers of Risk Exposure

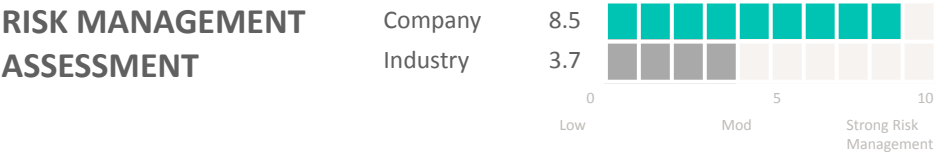
**Exposure to:** Opportunity for business growth from capturing demand changes and enjoying early mover advantage or regulatory incentives

**Business Types :** Percentage of operations in business segments with high growth potential in clean tech markets



Source: MSCI ESG Research; Refinitiv; company disclosure

MANAGEMENT



Description	Company Practice	Best Practice	Practices Score <sup>2</sup>			
Strategy						
Strategic focus on clean technology development	Cleantech innovation is the core strategy	Cleantech innovation is the core strategy	-	LOW	MID	TOP
Targets to increase investment in clean tech	Yes	Yes	-	LOW		TOP

## Programs & Initiatives

Number of patent families	1,969
---------------------------	-------

## R&D Expense

Year	R&D (USD million)	R&D / Sales ratio
2020	19,269	13.47%
2019	16,876	13.41%
2018	14,726	13.34%
2017	12,292	13.67%
2016	11,988	14.05%
2015	12,046	12.87%
2014	11,381	13.11%
2013	10,411	13.37%
2012	9,811	13.31%
2011	9,043	12.93%
2010	8,714	14.06%
2009	9,010	15.42%
2008	8,164	13.51%

## Performance

Score: nature of involvement in clean tech activities	10.00
---	-------

## Power Management

Involvement in developing of smart grid	Non-core involvement (revenues <20%)
Involvement in developing energy solutions for household products	Non-core involvement (revenues <20%)

## Industrial Operations & Automation

Involvement in developing or distributing optimization technologies & systems	Pure play (revenues >50%)
---	---------------------------

## Air Quality

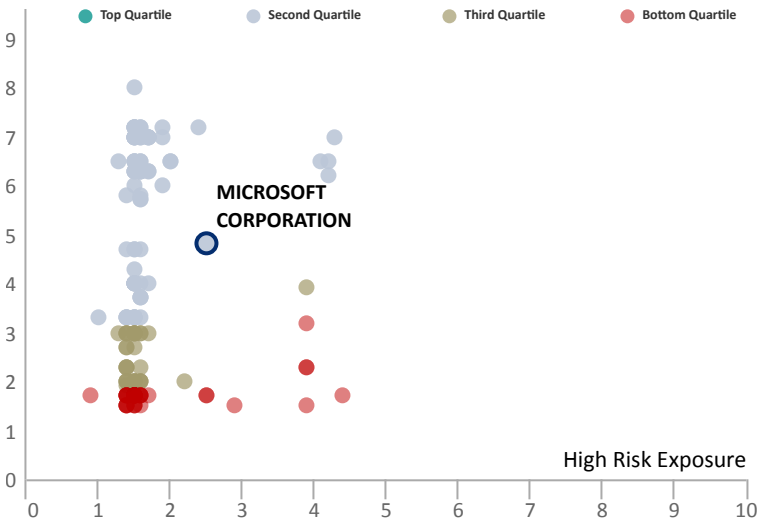
Involvement in developing or distributing environmental information technology	Non-core involvement (revenues <20%)
--	--------------------------------------



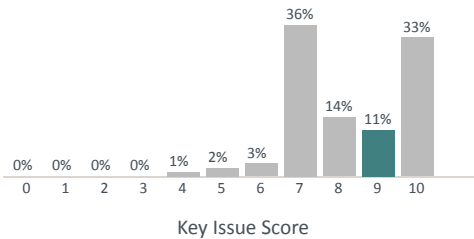
Carbon Emissions

Score	Change (since rating)	Quartile	Weight	As of
9.3	▼ -0.7	●●●	5.0%	Nov 08, 2021

Strong Risk Management



KEY ISSUE SCORE DISTRIBUTION\*



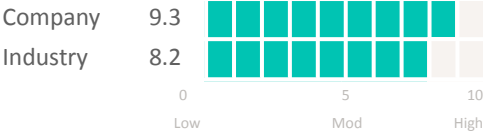
TOP 5 INDUSTRY LEADERS

ACCENTURE PUBLIC LIMITED COMPANY	10.0
ADOBE INC.	10.0
AUTODESK, INC.	10.0
AUTOMATIC DATA PROCESSING, INC.	10.0
Amadeus IT Group SA	10.0

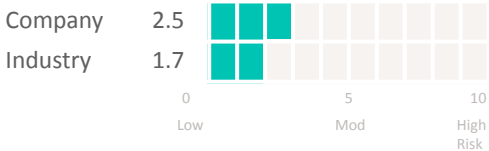
BOTTOM 5 INDUSTRY LAGGARDS

Beijing E-hualu Information Technology Co., Ltd	5.6
Beijing Sinnet Technology Co., Ltd	5.4
GDS HOLDINGS LIMITED	5.4
KINGSOFT CLOUD HOLDINGS LIMITED	4.6
MONGODB, INC.	4.3

KEY ISSUE ASSESSMENT



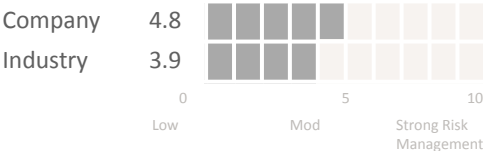
RISK EXPOSURE ASSESSMENT



Drivers of Risk Exposure



RISK MANAGEMENT ASSESSMENT



Drivers of Risk Management



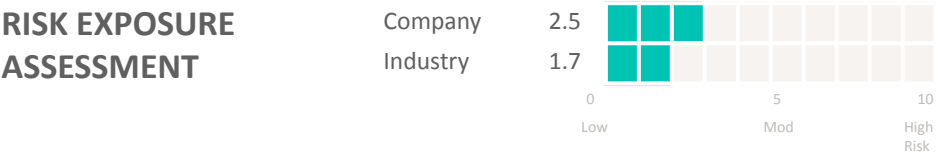
METHODOLOGY NOTE

Companies are evaluated on the carbon intensity of their operations and their efforts to manage climate-related risks and opportunities.

\* [ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]



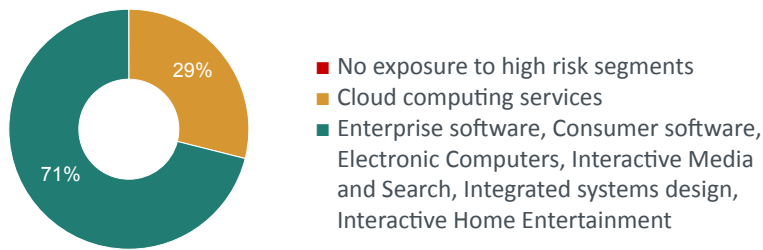
EXPOSURE



Key Drivers of Risk Exposure

**Exposure to:** Risks of having to pay increased compliance costs tied to carbon emissions regulations

**Business Types :** Percentage of operations in business segments with high/moderate/low carbon intensity



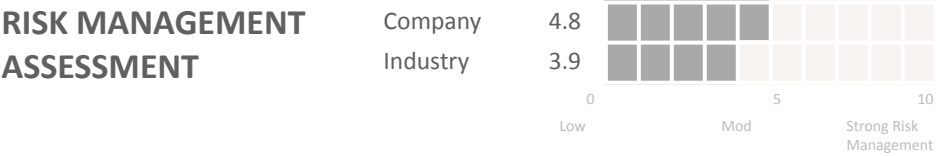
Source: IERS' Comprehensive Environmental Data Archive (CEDA); Air Emissions Accounts (Eurostat); Refinitiv; MSCI ESG Research; company disclosure

**Business Locations :** Percentage of operations in countries with strengthening or pending carbon emissions regulation



Source: MSCI ESG Research; Refinitiv; company disclosure

MANAGEMENT



Description	Company Practice	Best Practice	Practices Score <sup>2</sup>
<b>Targets</b>			
Aggressiveness of the company's reduction target in the context of its current performance	Company sets GHG reduction targets	Aggressive target with a low base	- LOW MID TOP
Demonstrated track record of achieving its carbon reduction targets	On pace to achieve current reduction target	Previously set & met targets	- LOW MID TOP

## Carbon Improvement Targets

Baseline Year	Target Year	Target Description	Target Reduction (%)
	2030	SBTi approved, aligned with global warming limit of 1.5 degrees. Scope 2 Category	100.00%
2020	2030	Scope 3 (upstream & downstream)	50.00%
2018	2019	Reduce ghg emissions (Scope 1+2 (market-based) + 3 (upstream business air travel only).	100.00%
2017	2030	SBTi approved, aligned with global warming limit of 1.5 degrees. Scope 3: GHG emissions intensity per unit of revenue	30.00%
2017	2018	Reduce ghg emissions (Scope 1+2 (market-based) + 3 (upstream business air travel only).	100.00%
2016	2017	Reduce ghg emissions (Scope 1+2 (market-based) + 3 (upstream business air travel only).	100.00%
2016	2023	Increase low-carbon energy consumption or production.	
2015	2015	Increase low-carbon energy consumption or production.	
2015	2025	Increase low-carbon energy consumption or production.	
2014	2030	Increase low-carbon energy consumption or production.	
2014	2015	Other: Scope 1+2 (market-based) + 3 (upstream business air travel only).	100.00%
2013	2036	Reduce ghg emissions Scope 1+2 (market-based).	50.00%
2013	2030	Scope 1 +2 (market-based)	75.00%
2013	2020	Reduce ghg emissions Scope 1+2 (market-based).	25.00%
2013	2045	Scope 1 +2 (market-based) - extension	75.00%
2013	2016	Reduce ghg emissions (Scope 1+2 (market-based) + 3 (upstream business air travel only).	100.00%
2013	2030	Reduce ghg emissions Scope 1+2 (market-based).	75.00%
2013	2045	Reduce ghg emissions Scope 1+2 (market-based) - extension	75.00%
2007	2012	Intensity: Scope 1+2+3 (t CO2e per unit revenue)	30.00%

## Mitigation

Strength of Greenhouse Gas Mitigation Strategy (0-10 Score, 0=worst, 10=best) 7.00

## Programs or actions to reduce the emissions intensity of core operations

Use of cleaner sources of energy	Some efforts	Aggressive efforts	- LOW MID TOP
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Energy consumption management and operational efficiency enhancements	Some efforts	Aggressive efforts	-LOWMIDTOP
CDP disclosure	Yes	Yes	-LOWTOP
Other initiatives (e.g. carbon offsets)	Some efforts	Aggressive efforts	-LOWMIDTOP

Performance

Carbon Emissions Performance Relative to Peers (0-10 Score, 0=worst, 10=best)0.00

GHG Emissions - metric tons CO2e

Year	Scope 1 Disclosed	Scope 1 Estimate Key	Scope 2 Disclosed	Scope 2 Estimate Key	Scope 1+2 Disclosed	Scope 3 (upstream)	Scope 3 (downstream)	Scope 3 (undefined)	Scope 1 Estimated	Scope 2 Estimated	Scope 1+2 Estimated	Scope 1+2 Estimate Key	GHG Emissions Details
2020	118,100.0	Reported	4,102,445.0	Reported	4,220,545.0	7,727,156.0	3,090,600.0					Reported	
2019	113,412.0	Reported	3,556,553.0	Reported	3,669,965.0	7,318,757.0	4,003,770.0					Reported	
2018	90,723.0	Reported	3,000,523.0	Reported	3,091,246.0	12,858,830.0	4,975,690.0					Reported	
2017	97,639.0	Reported	2,692,709.0	Reported	2,790,348.0	15,063,560.0	6,190,700.0					Reported	
2016	88,486.0	Reported	2,060,534.0	Reported	2,149,020.0	11,018,555.0	12,103,749.0					Reported	
2015	90,568.0	Reported	1,637,429.0	Reported	1,727,997.0	8,984,417.0	14,202,644.0					Reported	
2014	85,188.0	Reported	1,521,370.0	Reported	1,606,558.0	8,681,539.0	2,820.0					Reported	
2013	39,665.0	Reported	1,277,364.0	Reported	1,317,029.0	7,686,839.0	4,000.0					Reported	
2012	48,516.0	Reported	1,207,419.0	Reported	1,255,935.0	5,580,111.0	4,432.0					Reported	
2011	40,848.0	Reported	1,186,492.0	Reported	1,227,340.0	377,384.0						Reported	
2010	47,383.0	Reported	1,144,271.0	Reported	1,191,654.0	38,638.0	2,637.0					Reported	
2009	41,649.0	Reported	1,035,385.0	Reported	1,077,034.0	289,194.0						Reported	
2008	46,066.0	Reported	799,859.0	Reported	845,925.0	291,888.0						Reported	

GHG Emissions Intensity - metric tons CO2e / USD million sales

Year	GHG Intensity	GHG Intensity Details	GHG Intensity - Reported	GHG Intensity - Reported Details
2020	29.50			
2019	29.20			
2018	28.00			
2017	31.00			
2016	25.20		25.20	mtCO23/M\$ (Scope 1 + Scope 2: Location-based)
2015	18.50		18.50	mtCO23/M\$ (Scope 1 + Scope 2: Location-based)
2014	18.50		20.00	mtCO23/M\$ (Scope 1 + Scope 2: Location-based)
2013	16.90		17.40	mtCO2e/M\$
2012	17.00		17.80	mtCO2e/M\$
2011	17.50		16.70	mtCO2e/M\$
2010	19.20			
2009	18.40			
2008	14.00			

## Energy Consumption

Year	Total energy consumption (reported)	Total energy consumption (MWh)	Energy intensity (reported)	Reported intensity details	Total energy consumption intensity	Energy consumption details
2020	10,757,166	10,757,166			75.22	Total energy consumption
2019	9,227,991	9,227,991			73.33	Total energy consumption
2018	7,955,318	7,955,318			72.09	Total energy consumption
2017	6,718,944	6,718,944			74.70	electricity, heat, steam, or cooling
2016	5,187,178	5,187,178			60.80	Electricity + Fuel
2015	4,194,696	4,194,696			44.82	Electricity + Fuel
2014	3,865,590	3,865,590			44.52	Electricity + Fuel
2013	2,898,299	2,898,299	39.10	MWh/M\$	37.23	energy consumption includes fuel, electricity, heat, steam and cooling in MWh; average PUE:1.4
2012	2,803,335	2,803,335	40.50	MWh/M\$	38.03	energy consumption includes fuel, electricity, heat, steam and cooling in MWh; average PUE:1.4
2011	2,607,254	2,607,254	36.20	MWh/M\$	37.27	energy consumption includes fuel, electricity, heat, steam and cooling in MWh; average PUE:1.4
2010	2,618,703	2,618,703			42.24	energy consumption includes fuel, electricity, heat, steam and cooling in MWh; average PUE:1.6
2009	2,284,698	2,284,698			39.10	energy consumption includes fuel, electricity, heat, steam and cooling in MWh



OTHER RISKS & OPPORTUNITIES

Increasing exposure to supply chain-related risks:

In light of its increasing business involvement in hardware, including mobiles, tablets, game consoles and computers (21% of FY2015), Microsoft faces increasing exposure to supply chain labor risks. Operational and reputational risks resulting from violations of human rights in manufacturing in the electronics supply chain could be particularly high for Microsoft in light of the large size and complexity of its supply chain as well as the recognition of its brands.

The company has indicated that it expanded its human rights policy to its hardware suppliers following the acquisition of Nokia devices and reports that social and environmental auditing is conducting for its tier-1 and 2 suppliers, supported by capacity building and engagement work with local NGOs, and corrective action plans in case of incidents of non-compliance. As a noteworthy initiative, the company reports the assessment results of its audits as well as the country locations of its supply chain. Microsoft also conducts due diligence across its supply chain through a raw material tracing process to avoid the sourcing of conflict minerals, which follows the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas using the Electronics Industry Citizenship Coalition (EICC)- Global e-Sustainability Initiative (GeSI) Minerals Reporting Template.

Unlike competitors such as Samsung and Apple, as of the time of writing Microsoft has not been affected by major controversies regarding poor working conditions across its supply chain; however this could be due to the relatively recent increase of its involvement in the hardware business, and its well-known consumer brands (Xbox, Lumia smartphones) are likely to invite heightened scrutiny from NGOs.

While antitrust concerns remain, the worst seems behind Microsoft:

Microsoft has been involved in extensive antitrust proceedings in the U.S., Europe, and elsewhere since the early 1990s. The EU has fined the company a total of over EUR 2.3 billion for violations and failure to comply with the European Commission's (EC) orders, including a fine of USD 732 million in March 2013 for failing to comply with orders to allow customers to choose which internet browser to use. The company blamed the failure on a technical error, which it fixed; it did not appeal the fine. In April 2014, a shareholder filed a lawsuit against Microsoft and its directors alleging negligence over this "technical error" that had cost the company additional penalties from the EU.

More recently, the Chinese authorities have been keeping the heat on Microsoft (they already charged Microsoft USD 140m in back taxes and interest in November 2014) and are currently investigating the company for monopoly practices. The case symbolizes the mistrust faced by US tech companies in China in the wake of the NSA scandal; other American technology companies are currently under the radar, including Cisco and Apple, while Qualcomm was recently fined RMB 6.1bn (USD 975m) by the Chinese authorities.

# APPENDIX

## CONTENTS

ISSUER COMMUNICATION

ADDITIONAL ESG ISSUES

CONTROVERSIES DETAIL

ADDITIONAL CORPORATE GOVERNANCE CONTENT

KEY METRIC & SCORE CHANGES

CEO PAY CHARTS

DIRECTOR VOTES

SHAREHOLDER/MANAGEMENT PROPOSALS

GOVERNANCE STANDARDS

DIRECTOR PROFILES

## ISSUER COMMUNICATION SUMMARY

## COMPANY COMMUNICATION PAST 15 MONTHS

Direction	Method	Category	Research Product	Date
Outgoing	E-mail	Other	ESG Ratings	Dec 16, 2021
Outgoing	E-mail	Other	ESG Ratings	Dec 16, 2021
Outgoing	E-mail	Other	ESG Ratings	Aug 09, 2021
Outgoing	E-mail	Other	ESG Ratings	May 12, 2021
Outgoing	E-mail	Updated ESG Rating	ESG Ratings	Mar 12, 2021
Incoming	Issuer Communication Portal	Data Review - Feedback Provided	ESG Controversies	Mar 09, 2021
Outgoing	E-mail	Feedback Notice	ESG Controversies	Dec 08, 2020
Incoming	Issuer Communication Portal	Data Review - Feedback Provided	ESG Controversies	Nov 25, 2020
Outgoing	E-mail		ESG Controversies	Nov 05, 2020
Outgoing	E-mail	ICP Log in - New User	ESG Ratings	Oct 12, 2020
Incoming	E-mail	ICP Log in - New User	ESG Ratings	Oct 12, 2020

## LEGEND

## Direction

**Outgoing:** MSCI ESG Research contacts issuer.

**Incoming:** Query by corporate issuer.

## Category

**Data Review - Alert:** Notification of pending annual update of ESG Rating, and invitation to engage MSCI.

**Data Review - Report:** MSCI ESG Research delivers report of updated ESG data

**Data Review - Feedback Provided:** Feedback provided to MSCI ESG Research.

**Request for Information:** Issuer inquiries; MSCI ESG Research queries.

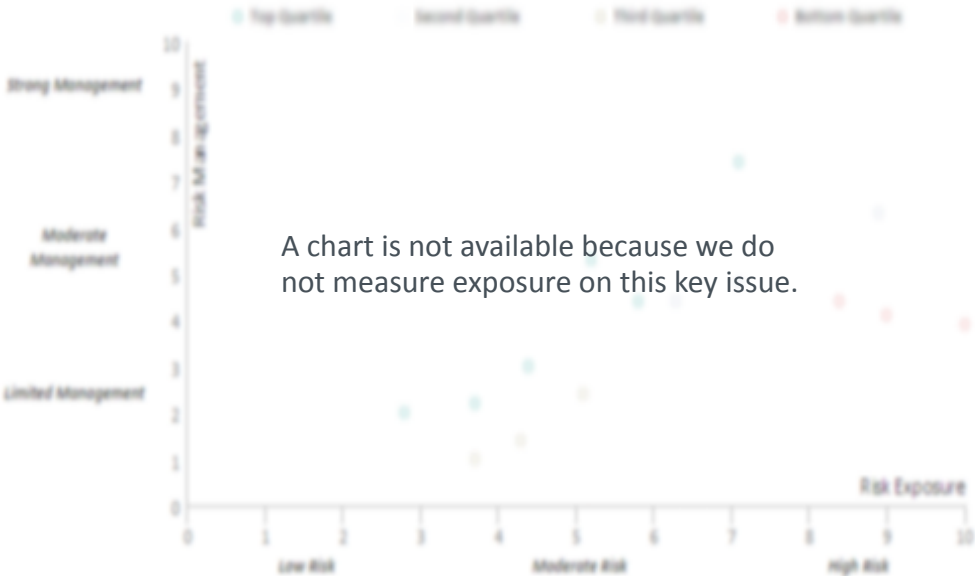
**Published Report Sent:** MSCI ESG Research delivers issuers' ESG product report that is posted to the MSCI ESG Manager platform.

**Other:** Issuer notified of custom projects; Miscellaneous queries.



Anticompetitive Practices

Score	Change (since rating)	Quartile	Weight	As of
3.7	0.0	N/A		Mar 23, 2021



KEY ISSUE  
ASSESSMENT

Company	3.7	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Industry	n/a	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
		<div>0510</div> <div>LowModHigh</div>

RISK MANAGEMENT ASSESSMENT

Company	3.7	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
Industry		<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
		<div>0510</div> <div>LowModStrong Risk Management</div>

Drivers of Risk Management

Controversy Deduction	
Company	- 1.3
	<div><div></div><div></div><div></div><div></div><div></div></div>
	<div>-5.0-2.50</div>

TOP 5 INDUSTRY LEADERS

360 Security Technology Inc	5.0
ACCENTURE PUBLIC LIMITED COMPANY	5.0
ADOBE INC.	5.0
AFTERPAY LIMITED	5.0
AKAMAI TECHNOLOGIES, INC.	5.0

BOTTOM 5 INDUSTRY LAGGARDS

FAIR ISAAC CORPORATION	4.2
OTSUKA CORPORATION	4.2
MASTERCARD INCORPORATED.	3.7
MICROSOFT CORPORATION	3.7
VISA INC.	3.7

METHODOLOGY NOTE

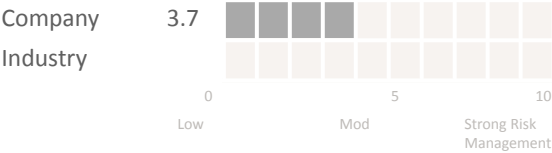
This issue evaluates the extent to which companies may face regulatory risks relating to anti-competitive practices. Companies successfully avoiding incident score "5", while companies that have faced controversies in the last three years score lower, based on the severity and type of controversy. This Key Issue is discontinued effective November 2020.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]



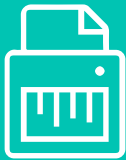
MANAGEMENT

RISK MANAGEMENT  
ASSESSMENT



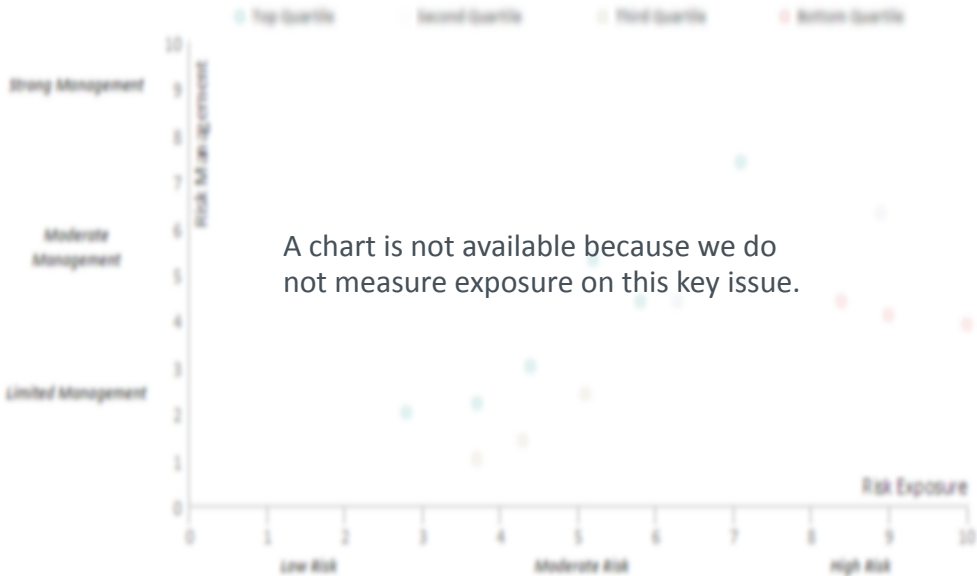
Controversy Cases

Assessment	Headline	Status	Last Updated
Moderate	EU, Teams: European Commission launched antitrust investigation	Ongoing	October 2021
Moderate	United States: FTC review of past acquisitions for potential antitrust violations	Ongoing	March 2020
Minor	U.S. and Canada: Consumer class action lawsuits over alleged unfair competition practices related to its operating system products between 1998 and 2010	Ongoing	March 2021



Business Ethics & Fraud

Score	Change (since rating)	Quartile	Weight	As of
3.7	0.0	N/A		Jun 15, 2020



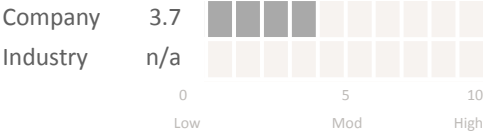
TOP 5 INDUSTRY LEADERS

360 Security Technology Inc	5.0
ACCENTURE PUBLIC LIMITED COMPANY	5.0
ADOBE INC.	5.0
AFTERPAY LIMITED	5.0
AKAMAI TECHNOLOGIES, INC.	5.0

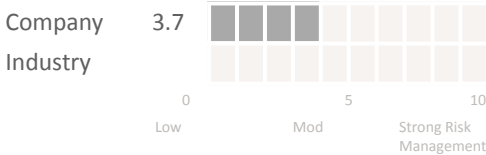
BOTTOM 5 INDUSTRY LAGGARDS

MICROSOFT CORPORATION	3.7
NORTONLIFELOCK INC.	3.7
THE WESTERN UNION COMPANY	3.7
FLEETCOR TECHNOLOGIES, INC.	3.3
iFLYTEK CO.,LTD	3.3

KEY ISSUE  
ASSESSMENT



RISK MANAGEMENT ASSESSMENT



Drivers of Risk Management



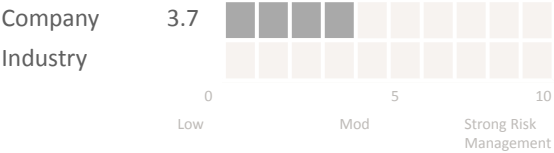
METHODOLOGY NOTE

This issue evaluates the extent to which companies may face regulatory or legal risks or loss of investor confidence due to ethics issues such as fraud, executive misconduct, or insider trading. Companies successfully avoiding incident score "5", while companies that have faced controversies in the last three years score lower, based on the severity and type of controversy. This Key Issue is discontinued effective November 2020.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

MANAGEMENT

RISK MANAGEMENT  
ASSESSMENT



Controversy Cases

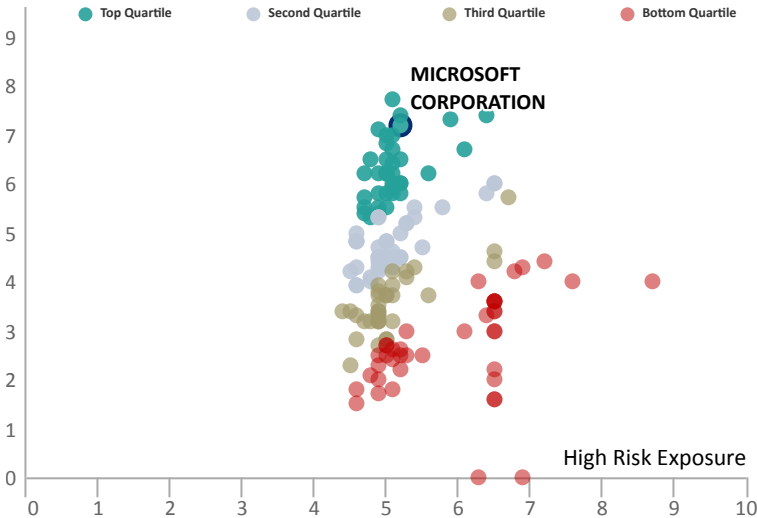
Assessment	Headline	Status	Last Updated
Moderate	Spain: CNMC investigation over alleged failure to disclose the provisions of 'Skype Out' services to the public	Ongoing	June 2020



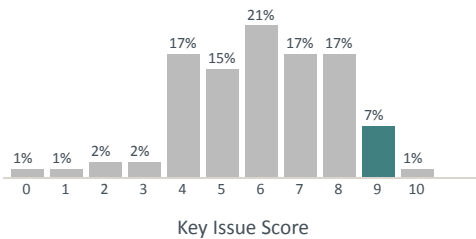
# Corruption & Instability

Score	Change (since rating)	Quartile	Weight	As of
9.0	0.0	●●●●	0.0%	Mar 23, 2021

Strong Risk Management



## KEY ISSUE SCORE DISTRIBUTION\*



## TOP 5 INDUSTRY LEADERS

MASTERCARD INCORPORATED.	9.6
AFTERPAY LIMITED	9.2
JACK HENRY & ASSOCIATES, INC.	9.2
MICROSOFT CORPORATION	9.0
VMWARE, INC.	9.0

## BOTTOM 5 INDUSTRY LAGGARDS

Shanghai Baosight Software Co., Ltd.	2.3
Lakala Payment Co Ltd	2.1
Thunder Software Technology Co Ltd	2.1
360 Security Technology Inc	0.7
Fawry for Banking Technology and Electronic Payment SAE	0.1

## METHODOLOGY NOTE

This issue evaluates the extent to which companies may face regulatory risks or lost market access due to corruption scandals or political and social instability. Scores are based on reliance on government contracts and operations in regions facing political instability or high perceived corruption levels; anti-bribery policies, programs, and transparency; and controversies. This Key Issue is discontinued effective November 2020.

This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

MSCI ESG Research provides additional scores on a select set of ESG Issues for all companies on the MSCI ACWI Index and MSCI ACWI IMI Index. Every company on the index receives scores for the following ESG Issues, regardless of whether they contribute to the overall Company ESG Rating.

The additional key issue scores and data available by index are as follows:

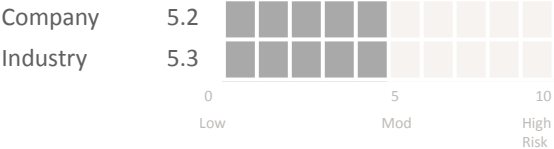
- MSCI ACWI: Water Stress, Labor Management, Privacy and Data Security
- MSCI ACWI IMI: Carbon Emissions, Human Capital Development and Tax Transparency

We continue to provide data and scores for the discontinued Key Issues under the ESG Rating model for the MSCI ACWI Index: Corruption & Instability, Business Ethics & Fraud, Anticompetitive Practices.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

EXPOSURE

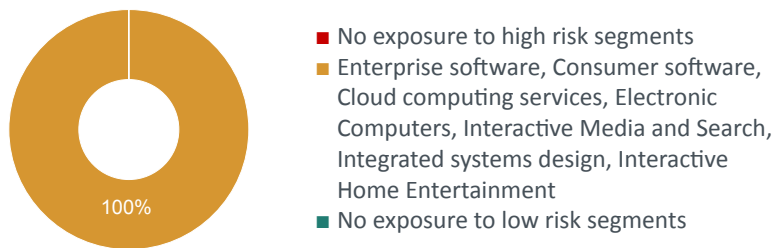
RISK EXPOSURE  
ASSESSMENT



Key Drivers of Risk Exposure

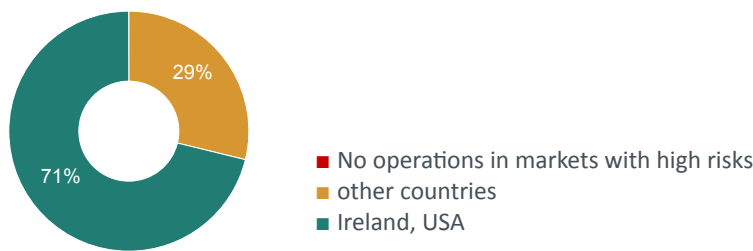
**Exposure to:** Regulatory risks or lost market access due to corruption scandals or political and social instability

**Business Types :** Percentage of operations in business segments perceived most likely to pay or receive bribes



Source: Bribe Payers Index (Transparency International); State Capture Index (Transparency International); Refinitiv; MSCI ESG Research; company disclosure

**Business Locations :** Percentage of operations in countries with high/moderate/low level of corruption and political instability, violence or terrorism



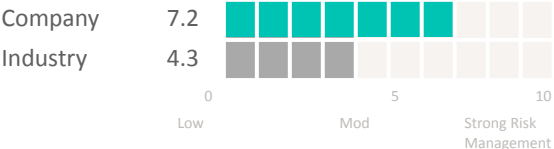
Source: Corruption Perceptions Index (Transparency International); World Governance Indicators (World Bank); Refinitiv; MSCI ESG Research; company disclosure

Additional Drivers of Exposure

Company is reliant on the government sectors for a major proportion: Not Disclosed

MANAGEMENT

RISK MANAGEMENT  
ASSESSMENT



Description	Company Practice	Best Practice	Practices Score <sup>2</sup>			
Policies & Commitments						
Executive body responsible for managing business ethics and corruption issues	C-suite or Executive committee	Board-level committee	-	LOW	MID	TOP
Company's bribery and anti-corruption policy	Detailed formal policy on bribery and anti-corruption	Detailed formal policy on bribery and anti-corruption	-	LOW	MID	TOP
Scope of anti-corruption policy for suppliers	All suppliers are required to have anti-corruption policies	All suppliers are required to have anti-corruption policies and programs to verify compliance	-	LOW	MID	TOP
Business ethics policy covers facilitation payments	Policy prohibits facilitation payments	Policy prohibits facilitation payments	-	LOW	MID	TOP
Business ethics policy covers subsidiaries	Policy covers all subsidiaries	Policy covers all subsidiaries	-	LOW	MID	TOP
Commitment to external standards for ethics / anti-corruption						
List of commitments to ethics and anti-corruption mandates	<p>The human rights-related disclosures are based on the UN Guiding Principles on Business and Human Rights Reporting Framework (RAFI). In addition, this report serves as the Microsoft annual Communication on Progress (COP) under the United Nations (UN) Global Compact. The following table describes the location of content relevant to each of the ten UN Global Compact principles.</p> <p>United Nations Guiding Principles on Business and Human Rights,</p> <p>United States Foreign Corrupt Practices Act ,</p> <p>Electronic Industry Citizenship Coalition’s (EICC’s)</p>					
World Economic Forum's Partnering Against Corruption Initiative (PACI)	Yes	Yes	-	LOW		TOP
Transparency International's Business Principles for Countering Bribery	Not Disclosed	Yes	-	LOW		TOP

Extractive Industry Transparency Initiative (EITI) Principles	Not Disclosed	Yes	-	LOW	TOP
Leading industry-specific anti-corruption standards	Not Disclosed	Yes	-	LOW	TOP
Membership in other external anti-corruption initiatives	Not Disclosed	Yes	-	LOW	TOP

## Programs & Structures

Scope of employee training on ethical standards	Programs covering all permanent employees (excluding part-time and contractors)	Programs covering all employees (including part-time) and contractors	-	LOW	MID	TOP
Internal assurance of compliance with ethical standards	Yes	Yes	-	LOW		TOP
External assurance of compliance with ethical standards	Yes	Yes	-	LOW		TOP
Provision of whistleblower protection	Whistleblower protection with no details on system or legal protection	Formal anonymous whistleblower system with legal protection	-	LOW	MID	TOP
Due diligence and monitoring of third-party intermediaries / agents with respect to corruption	Formal processes for screening and monitoring agents	Formal processes for screening and monitoring agents	-	LOW	MID	TOP
Disclosure of government contracts value	Not Disclosed	Yes	-	LOW		TOP
Disclosure of facilitation payments value	Not Disclosed	Yes	-	LOW		TOP
Disclosure of taxes/royalties paid to governments	Yes	Yes	-	LOW		TOP

## Human Rights - Policies and Programs

List of commitments to external mandates to protect human rights	Founding signatory to Global Network Initiative Principles; UN Global Compact, International Covenant on Civil and Political Rights					
Policy on civil liberties and freedom of speech	Policy articulated	Policy articulated	-	LOW	MID	TOP
Commitment to external standards to protect human rights	Yes	Yes	-	LOW		TOP

CONTROVERSIES

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis. The Microsoft has been flagged for involvement in controversial events or alleged misconduct.

Controversy Cases

Assessment	Headline	Status	Last Updated
Moderate	Xinjiang region: Allegations of subjecting Uyghurs to forced labor in factories	Ongoing	December 2020

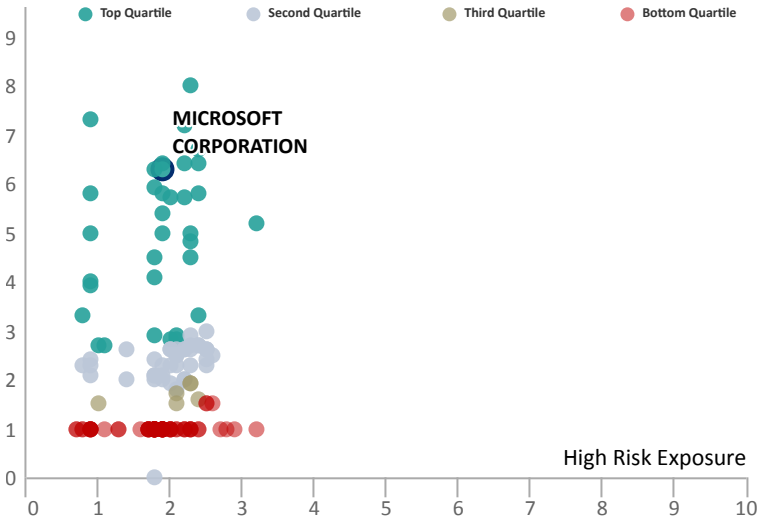




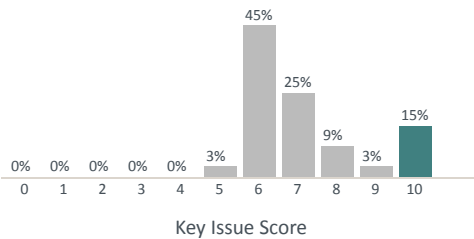
Water Stress

Score	Change (since rating)	Quartile	Weight	As of
10.0	0.0	●●●●	0.0%	Aug 10, 2020

Strong Risk Management



KEY ISSUE SCORE DISTRIBUTION\*



TOP 5 INDUSTRY LEADERS

ADOBE INC.	10.0
AUTODESK, INC.	10.0
BlackBerry Limited	10.0
COGNIZANT TECHNOLOGY SOLUTIONS CORPORATION	10.0
DASSAULT SYSTEMES SE	10.0

BOTTOM 5 INDUSTRY LAGGARDS

WIX.COM LTD	5.6
CYBERARK SOFTWARE LTD.	5.3
Douzone Bizon Co Ltd	5.2
CHECK POINT SOFTWARE TECHNOLOGIES LTD.	5.1
Shanghai Baosight Software Co., Ltd.	4.8

METHODOLOGY NOTE

Companies are evaluated on the water intensity of their operations, levels of water stress in their areas of operation and their efforts to manage water-related risks and opportunities.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

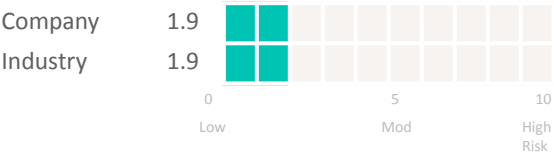
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EXPOSURE

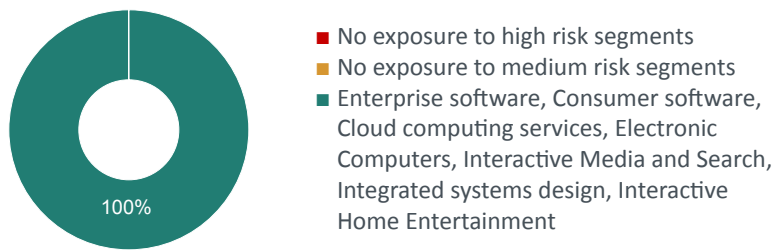
RISK EXPOSURE  
ASSESSMENT



Key Drivers of Risk Exposure

**Exposure to:** Risk of increased cost of input, disputes around access rights to key resources or operational disruptions to production processes requiring water as a critical input

**Business Types :** Percentage of operations in business segments with high/moderate/low water intensity



Source: IERS' Comprehensive Environmental Data Archive (CEDA); MSCI ESG Research; Refinitiv; company disclosure

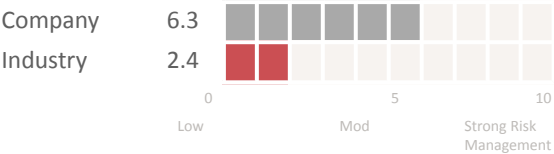
**Business Locations :** Percentage of operations in countries or regions with high/moderate/low percent of territory affected by oversubscription to water resources



Source: WRI Aqeduct; Refinitiv; MSCI ESG Research; company disclosure

MANAGEMENT

RISK MANAGEMENT  
ASSESSMENT



Description	Company Practice	Best Practice	Practices Score <sup>2</sup>		
Governance and Strategy					
Implementation of Water Efficient Production Processes	7.00				
Percentage of water consumption from alternative water sources (i.e. grey water, rainwater, sewage)	18.97%				
Evidence of Using Alternative Water Sources	Yes	Yes	-	LOW	TOP
Executive body responsible for water management strategy and performance:					
Senior Executive or Executive Committee are responsible for water management strategy and performance	Yes	Yes	-	LOW	TOP

**Performance**

Water Intensity Relative to Peers (0-10 Score, 0=worst, 10=best) 5.00

**Water Withdrawal Performance**

Year	Freshwater Withdrawal (m3)	Freshwater Withdrawal Intensity (m3/ USD million sales)
	2,108,640	30.14
	1,954,200	31.52
	2,753,857	37.35
	2,380,104	30.57
	4,294,321	49.45
	2,995,350	32.01
	4,674,140	54.78
	5,161,000	57.38
	6,907,860	62.59
2019	7,698,990	61.18

**Water Consumption Performance**

Year	Freshwater Consumption (m3)	Freshwater Consumption Intensity (m3/ USD million sales)	Details
2019			

**CONTROVERSIES**

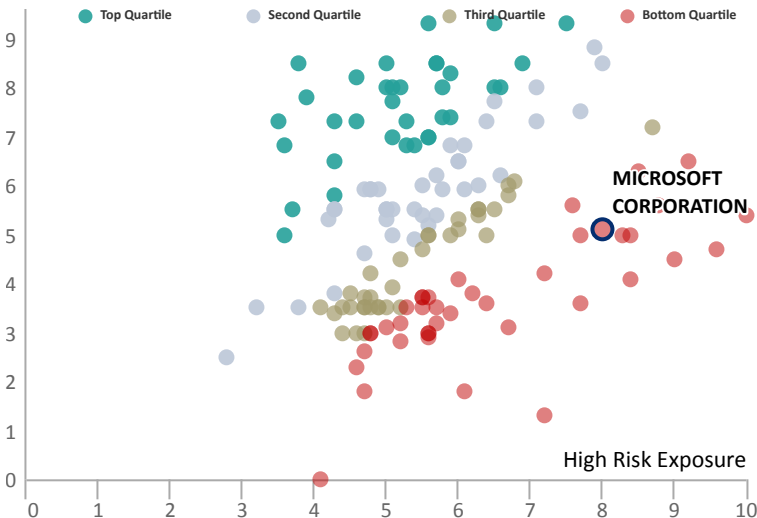
All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis. There is no evidence of the Microsoft's current involvement in prominent controversial events or alleged misconduct.



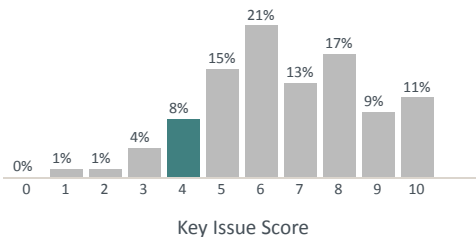
Labor Management

Score	Change (since rating)	Quartile	Weight	As of
4.1	0.0		0.0%	Mar 23, 2021

Strong Risk Management



KEY ISSUE SCORE DISTRIBUTION\*



TOP 5 INDUSTRY LEADERS

CADENCE DESIGN SYSTEMS, INC.	10.0
DIGITAL REALTY TRUST, INC.	10.0
EQUINIX, INC.	10.0
Nomura Research Institute, Ltd.	10.0
OTSUKA CORPORATION	10.0

BOTTOM 5 INDUSTRY LAGGARDS

Douzone Bizon Co Ltd	2.7
TELEPERFORMANCE SE	2.5
TATA CONSULTANCY SERVICES LIMITED	2.4
CAPGEMINI SE	2.1
Constellation Software Inc.	1.1

METHODOLOGY NOTE

Companies are evaluated on the complexity of their workforce (size, labor intensity, and regions of operation), employee relations, strength of worker protections, and employee engagement efforts.

\*[ For symbols and terms used in this report, refer to the Glossary section at the end of the report ]

This issue does not present significant risks or opportunities to the company and with the assigned weight of 0% does not contribute to the overall ESG rating for the company.

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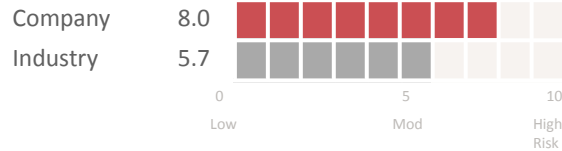
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## EXPOSURE

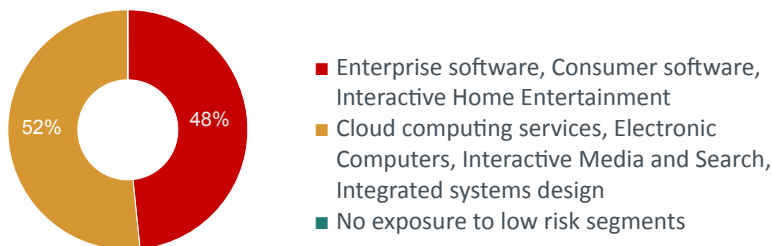
### RISK EXPOSURE ASSESSMENT



### Key Drivers of Risk Exposure

**Exposure to:** Risk of workflow disruptions due to labor unrest, or reduced productivity due to poor job satisfaction

**Business Types :** Percentage of operations in business segments with high/moderate/low labor intensities, as measured by average sales per employee of industries



Source: MSCI ESG Research; Refinitiv; company disclosure

**Business Locations :** Percentage of operations in countries with high/moderate/low likelihood of labor unrest (based on historic precedent)



Source: International Labour Organization; Refinitiv; MSCI ESG Research; company disclosure

### Layoffs Events

Major Layoffs: No

### Size and Composition of Workforce

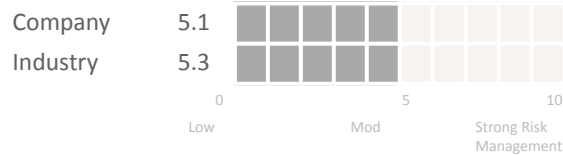
Number of employees: 163,000

### Number of Employees

Year	Number of employees	Part time workers (%)	Contract or temporary workers (%)	Estimated Part time/contract %
2020	163,000			
2019	144,000			
2018	131,000			
2017	124,000			
2016	114,000			

Year	Number of employees	Part time workers (%)	Contract or temporary workers (%)	Estimated Part time/contract %
2015	118,000			
2014	128,000			
2013	99,000			
2012	94,000			
2011	90,000			
2010	89,000			
2009	93,000			
2008	91,000			

## MANAGEMENT

RISK MANAGEMENT  
ASSESSMENT

Description	Company Practice	Best Practice	Practices Score <sup>2</sup>
<a href="#">Strategy</a>			
Evidence of collective agreements	Yes	Yes	- LOW TOP
Employee stock ownership plan (ESOP) or employee stock purchase plan (ESPP)	Sector-leading number of employees eligible for ESOP and/or ESPP	Sector-leading number of employees eligible for ESOP and/or ESPP	- LOW MID TOP
Non-compensation benefits including pension and retirement	Benefits cover selected employees	Benefits cover all employees	- LOW MID TOP

## Performance

External recognition as employer of choice (last three years)	Yes, one award in the last year
Company witnessed strikes / lock-outs in the last three years	No

## External recognition - details

Year	Awarding authority name	Title of the Award
2020	Glassdoor	Best place to work
2020	Forbes	THE WORLD'S BEST EMPLOYERS 2020 LIST
2019	Forbes	World's Best Employers 2019
2019	Forbes	America's Best Employers 2019
2019	Glassdoor	Best place to work
2019	Forbes	America's Best Employers By State 2019
2018	Glassdoor	Best Places to work
2017	Glassdoor	Best Places to work

Year	Awarding authority name	Title of the Award
2014	Fortune	100 Best Companies to Work For
2013	Fortune	100 Best Companies to Work For

Employee turnover

Year	Annual employee turnover (%)	Details
2020		

Employee Productivity

Year	Profit per employee (USD '000)
2019	0
2018	0

CONTROVERSIES

All controversies are assessed as part of the annual review of a company's ESG rating. MSCI ESG Research tracks controversies for all companies on a regular basis. The Microsoft has been flagged for involvement in controversial events or alleged misconduct.

Controversy Cases

Assessment	Headline	Status	Last Updated
Moderate	Washington, United States: Putative class action over alleged gender harassment and discrimination in pay and promotions	Ongoing	November 2021
Moderate	GitHub: Errors acknowledged in the wrongful dismissal of Jewish employee after warning against Nazis during the Capitol riot on internal Slack channel; dismissal reversed and HR head resigned	Concluded	February 2021
Moderate	United States: OFCCP inquiry on diversity hiring commitment as potential unlawful discrimination	Ongoing	December 2020
Moderate	United States: Early agreement of USD 3 million with OFCCP over alleged racial discrimination in hiring practices that affected 1,229 applicants	Concluded	October 2020
Minor	Gästrikland, Sweden: Local union's safety representatives protested over allegation of improperly imposing confidentiality agreement before granting access to data center	Ongoing	October 2021
Minor	Utah, US: Lawsuit over alleged denial of claims for residential treatment benefits in violation of ERISA	Ongoing	October 2021
Minor	Ontario, Canada: Lawsuit over allegations of unfair termination of stock awards upon dismissal without cause	Concluded	May 2021
Minor	LinkedIn Corp., California: Purported class action over alleged mismanagement of employees 401(k) retirement funds	Ongoing	January 2021

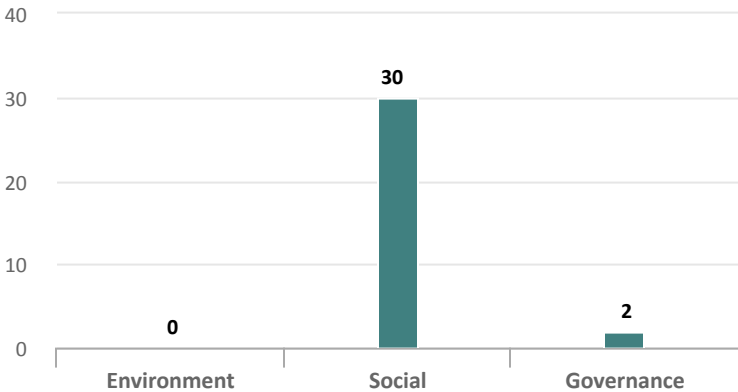
CONTROVERSIES DETAIL

Here you will find the narratives for all controversies relevant to the ESG Ratings issues covered for the company in addition to those controversies that do not map to the ESG Ratings issues.

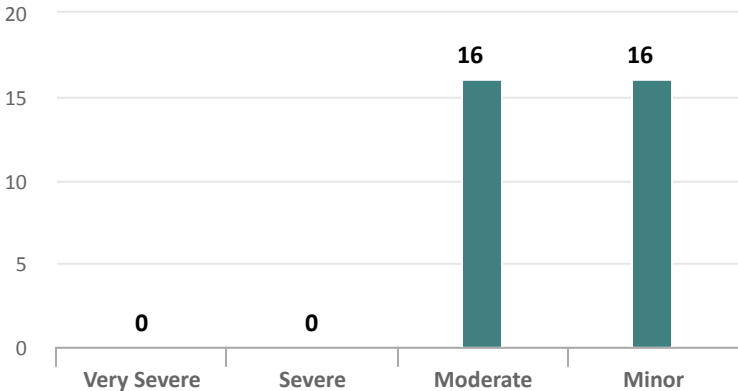
CONTROVERSY CARD

	MOST SEVERE CONTROVERSY	CONTROVERSY COUNT
Environment		
Carbon Emissions	None	0
Water Stress	None	0
Opportunities in Clean Tech	None	0
Social		
Labor Management	Moderate	8
Human Capital Development	Moderate	8
Privacy & Data Security	Moderate	8
Governance		
Corruption & Instability	Moderate	1
Business Ethics & Fraud	Moderate	1
Anticompetitive Practices	Moderate	3
Corporate Governance	None	0
Corporate Behavior	Moderate	5

NUMBER OF CONTROVERSIES BY PILLAR



NUMBER OF CONTROVERSIES BY ASSESSMENT



CONTROVERSIES

- Very Severe:** Indicates an action by a company that results in a very large impact on society and/or the environment.
- Severe:** Indicates an action by a company that results in a large impact on society and/or the environment.
- Moderate:** Indicates an action by a company that results in a moderate impact on society and/or the environment.
- Minor:** Indicates an action by a company that results in a low impact on society and/or the environment.
- None:** There is no evidence that a company is involved in any controversy.

SOCIAL CONTROVERSIES

Moderate Controversies

**Date:** October 2021

**Assessment:** Moderate

**Status:** Ongoing

**Washington, United States: Putative class action over alleged gender harassment and discrimination in pay and promotions**

Microsoft faced a putative class action over allegations of gender and compensation discrimination in the pay and promotion policies. In March 2018, court filings disclosed that a total of 238 female employees of Microsoft filed internal complaints of sexual harassment, gender discrimination, retaliation and pregnancy discrimination from 2010 to 2016. The class action filed by three employees in 2015 planned to seek class certification.



The company stated that based on its internal investigation, only one complaint was found to have merit. Moreover, the company disclosed that 20 employees were terminated after internal investigations into allegations of sexual harassment.

UPDATES: 12 Oct 2021: Leaked Microsoft email chain shows women sharing stories of gender discrimination at the company: 'Women are all paid equally until the women who aren't prove it'. (BUSINESS INSIDER)

24 Feb 2020: No new information available.

10 Feb 2020: Dozens of female Microsoft employees claim they deal with shocking behavior at work: requests to sit on a coworker's lap, being called a 'b\*tch' (MSFT). (BUSINESS INSIDER US)

26 Dec 2019: Ninth Circuit Rejects Class Certification of Gender Bias Claims Against Microsoft. (The Recorder)

05 Nov 2019: Microsoft women greeted by sceptical court in unequal-pay case. (The Star)

01 Aug 2019: 10-K, 2019. (SEC Filing)

24 Apr 2019: 10-Q, 2019. (SEC Filing)

17 Apr 2019: Microsoft Pay-Equity Case Raises Contentious Issues. (Society for Human Resource Management)

04 Apr 2019: Microsoft Employees Confront Microsoft CEO About Sexism, Harassment at Company. (VARIETY)

30 Jan 2019: 10-Q, 2018. (SEC Filing)

24 Sep 2018: Microsoft Women Can Challenge Class Order in Bias Case: 9th Cir. (Big Law Business)

13 Sep 2018: No new information available.

23 Aug 2018: No new information available.

29 Jun 2018: Judge throws out class action petition in Microsoft lawsuit. (Redmond Reporter)

25 Jun 2018: Moussouris v. Microsoft Corp. (Washington Western District Court)

25 Jun 2018: Judge blocks effort to expand Microsoft gender-bias case to thousands of women. (Seattle Times)

16 Mar 2018: Microsoft says 20 fired for harassment last year. (Seattle Times)

15 Mar 2018: Microsoft: 1 gender complaint has merit. (Orlando Sentinel)

15 Mar 2018: USA: Female employees to sue Microsoft over alleged gender discrimination & sexual harassment. (Business & Human Rights Resource Centre (Main))

02 Mar 2018: No new information available.

05 Jan 2018: Microsoft argues against class action in gender-bias lawsuit. (The Seattle Times)

**Source:** 12 Oct 2021 (BUSINESS INSIDER)

**Date:** October 2021

**Assessment:** Moderate

**Status:** Ongoing

#### EU, Teams: European Commission launched antitrust investigation

In October 2021, antitrust regulators of the European Commission launched an investigation into alleged anticompetitive violation of Microsoft Corporation in relation to its Teams application between 2016 and 2021. The authority suspected that Microsoft abused its market position by improperly bundling Teams application into the company's popular Office software suite. Before the regulatory probe, a similar complaint was filed by a rival company Slack.

UPDATES: 12 Oct 2021: EU opens Microsoft Teams probe following Slack complaint. (IT PRO UK)

**Source:** 12 Oct 2021 (IT PRO UK)

**Date:** August 2021

**Assessment:** Moderate

**Status:** Ongoing

#### UK: Allegations of Power Apps misconfiguration resulting in breach of private data of 38 million users

In August 2021, Microsoft Corporation reportedly experienced a data breach that impacted 38 million users of the company's Power Apps platform. The breach resulted in unauthorized access and use of contact information, COVID-19 contact tracing and vaccination appointments, employee IDs, and millions of names and email addresses of users due to an issue with the default permissions settings in the Power Apps platform.

UPDATES: 24 Aug 2021: Microsoft Power Apps Data Leak Impacts 38 Million People. (SILICON.CO.UK)

**Source:** 24 Aug 2021 (SILICON.CO.UK)

**Date:** August 2021

**Assessment:** Moderate

**Status:** Ongoing

#### Reports of series of cyberattacks of Microsoft Exchange servers impacting multiple organizations worldwide related to suspected state-backed hack

In March 2021, Microsoft Corporation reported a series of cyberattacks through its Exchange email servers, impacting approximately 30,000 organizations in the United States, including police departments, hospitals, local governments, and, banks, while 40 organizations were impacted in Russia. Microsoft revealed that hackers utilized unknown security flaws in its Exchange servers to steal data from businesses and government institutions. As for Germany, approximately 60,000 computer systems were reportedly exposed to the attack. Moreover, the European Banking Authority (EBA), a regulatory agency of the European Union, announced that it was also hit by the series of attacks.

Microsoft reported that hundreds of thousands of users' data could be potentially compromised globally.

UPDATES: 03 Aug 2021: Chinese hackers targeted telecoms firms in Southeast Asia, report says. (South China Morning Post)

28 Jul 2021: Hackers hit computer maker Acer with \$50mn ransomware attack. (IANS)

31 Mar 2021: CISA Releases Supplemental Direction on Emergency Directive for Microsoft Exchange Server Vulnerabilities. (US Cybersecurity & Infrastructure Security Agency)

15 Mar 2021: Attacks on firms using Microsoft email servers tripled in 72 hrs. (IANS-ENGLISH)  
 12 Mar 2021: Ransom-seeking hackers are taking advantage of Microsoft flaw: expert. (Channel NewsAsia)  
 11 Mar 2021: Exchange email hack: Hundreds of UK firms compromised. (BBC)  
 11 Mar 2021: Up to 60,000 computer systems exposed in Germany to Microsoft flaw - BSI. (THE HINDU)  
 08 Mar 2021: European Banking Authority hit by global Microsoft hack. (TELEGRAPH)  
 08 Mar 2021: About 40 companies in Russia attacked using Microsoft software vulnerabilities. (ITAR-TASS)  
 08 Mar 2021: Microsoft Email Server Flaws Exploited To Hack At Least 30,000 US Organizations. (BRUDIRECT)  
 08 Mar 2021: More than 20,000 US organisations compromised through Microsoft flaw. (CYPRUS MAIL)  
 06 Mar 2020: Microsoft hack: White House warns of 'active threat' of email attack. (BBC)

**Source:** 03 Aug 2021 (South China Morning Post)

**Date:** July 2021

**Assessment:** Moderate

**Status:** Ongoing

#### LinkedIn, Kazakhstan: Regulator suspended access to networking platform over alleged failure to remove gambling ads and fake accounts

In July 2021, Reuters reported that the Ministry of Information and Social Development of Kazakhstan has blocked access to the online professional networking platform by a Microsoft subsidiary, LinkedIn, in the country with about 720,000 users. The Ministry said that LinkedIn failed to remove illegal online casino advertisements and fake accounts and would restore access once the platform addresses the issues. Reuters also reported that LinkedIn was investigating the regulator's concerns and that it has policies against gambling advertisements and fake profiles.

UPDATES: 27 Jul 2021: Kazakhstan blocks LinkedIn over alleged fake accounts, gambling ads. (Reuters)

**Source:** 27 Jul 2021 (Reuters)

**Date:** June 2021

**Assessment:** Moderate

**Status:** Ongoing

#### United States: Reports of compromised Office 365, Azure AD accounts related to suspected foreign state-sponsored cyberattack

In December 2020, multiple U.S. federal and state government agencies were reportedly attacked by a suspected cyber espionage campaign by foreign state-sponsored actors. The supply chain attack was allegedly carried out through a data breach of SolarWinds Corps network management platform called Orion where malware was inserted in the software updates of its Orion platform in March and June 2020. Reuters and CRN reports have indicated that the SolarWinds hack compromised Microsoft products such as Office 365 and Azure Active Directory accounts that had allegedly allowed hackers to spy on emails of the U.S. Treasury and Commerce departments. Microsoft confirmed it detected the malicious SolarWinds binaries in its environment which it has isolated and removed. It also announced it found no evidence the hackers were able to access its production services or customer data and no indication the Microsoft systems were used to further the attacks. Microsoft has identified and is working with more than 40 of its customers impacted by the SolarWinds breach.

Hackers have also allegedly viewed Microsoft's source code which according to Microsoft is not tied to 'elevation of risk' as the company does not rely on the secrecy of codes or knowledge of the codes. The access did not have permission to modify the codes.

In May 2021, Microsoft announced that it was investigating phishing attacks targeting 3,000 customer email accounts which was said to be carried out by the same threat actor behind the SolarWinds attack. The phishing attacks was said to have followed after the actor gained access to an email marketing service account. In June 2021, Microsoft said that most of the attacks have been unsuccessful and it was only aware of three entities that have been compromised.

UPDATES: 25 Jun 2021: New Nobelium activity. (Microsoft Security Response Center)

25 Jun 2021: Microsoft says new breach discovered in probe of suspected SolarWinds hackers. (Reuters)

27 May 2021: Another Nobelium Cyberattack. (Microsoft Corporation)

24 Apr 2021: SolarWinds hacking campaign puts Microsoft in the hot seat. (The Associated Press)

11 Mar 2021: At least 10 hacking groups using Microsoft software flaw: researchers. (Reuters)

08 Mar 2021: Microsoft hack: Biden launches emergency taskforce to address cyber-attack. (The Guardian)

23 Feb 2021: SolarWinds, Microsoft, FireEye, CrowdStrike defend actions in major hack - U.S. Senate hearing. (Reuters)

31 Dec 2020: Microsoft says hackers viewed its source code. (CNN Business) Microsoft said that it does not rely on the secrecy of source code for the security of its products.

31 Dec 2020: Microsoft Internal Solorigate Investigation Update. (Microsoft)

21 Dec 2020: Top Treasury Email Accounts Exposed In SolarWinds Hack: Report. (CRN)

18 Dec 2020: Exclusive: Microsoft breached in suspected Russian hack using SolarWinds -sources. (Reuters)

18 Dec 2020: Microsoft says it identified 40+ victims of the SolarWinds hack. (ZDNet)

17 Dec 2020: A moment of reckoning: the need for a strong and global cybersecurity response. (Microsoft)

15 Dec 2020: Microsoft and industry partners seize key domain used in SolarWinds hack. (ZDNet)

15 Dec 2020: Microsoft's Role In SolarWinds Breach Comes Under Scrutiny. (CRN)

14 Dec 2020: Suspected Russian hackers spied on U.S. Treasury emails - sources. (Reuters)

**Source:** 25 Jun 2021 (Microsoft Security Response Center); 25 Jun 2021 (Reuters)

**Date:** May 2021  
**Assessment:** Moderate  
**Status:** Ongoing

#### European Union: Investigation into potential violation of EU data protection laws related to Microsoft Office 365

In May 2021, Reuters reported that the European Data Protection Supervisor (EDPS) has launched an investigation against the company's potential violation of EU data protection laws related to the European Commission's usage of Microsoft Office 365. The EDPS disclosed the investigation would mainly focus on concerns in relation to the transfer of personal data to the United States. Microsoft stated it would fully comply with the regulator to immediately address any concerns regarding the data violation allegations.

UPDATES: 27 May 2021: EU bodies' use of Amazon, Microsoft cloud services faces privacy probes. (Reuters)

**Source:** 27 May 2021 (Reuters)

**Date:** May 2021  
**Assessment:** Moderate  
**Status:** Concluded

#### China, LinkedIn: Administrative order by CAC over improper collection of app users' private information

In May 2021, Chinese internet regulator Cyberspace Administration of China (CAC) issued an administrative order to multiple online platforms including LinkedIn Corporation, a subsidiary of Microsoft Corporation, over improper collection of users' private data. According to CAC investigation, the platforms collected private data that had not been authorized by the users or were not necessary for the platforms to provide service. CAC ordered the platforms to correct the improper practices within 15 working days.

Other companies allegedly involved include Tencent Holdings Limited, Ping An Insurance (Group) Company of China, Ltd., Baidu, 360 Security Technology Inc, Tongdao Liepin Group, Sohu.com Limited (via subsidiary Sogou) and Kuaishou Technology.

UPDATES: 21 May 2021: CAC issued administrative order against 105 apps such as Baidu and TikTok over improper collection of private user data. (Yicai)

**Source:** 21 May 2021 (Yicai)

**Date:** March 2021  
**Assessment:** Moderate  
**Status:** Concluded

#### LinkedIn Corporation, China: Criticism over alleged failure to block objectionable political content; ordered to submit a self-evaluation report

In March 2021, LinkedIn Corporation, a subsidiary of Microsoft Corporation, faced criticism from China's internet regulator over its alleged failure to block objectionable political content during an annual meeting of China's lawmakers. As a result, Chinese regulators required LinkedIn to conduct a self-evaluation and submit a report to the Cyberspace Administration of China about the alleged unlawful acts it committed.

UPDATES: 19 Mar 2021: China punishes Microsoft's LinkedIn over lax censorship. (The Economic Times)

**Source:** 19 Mar 2021 (The Economic Times)

**Date:** January 2021  
**Assessment:** Moderate  
**Status:** Concluded

#### GitHub: Errors acknowledged in the wrongful dismissal of Jewish employee after warning against Nazis during the Capitol riot on internal Slack channel; dismissal reversed and HR head resigned

In January 2021, Microsoft's subsidiary GitHub admitted significant errors in judgement in the dismissal of a Jewish employee who warned his colleagues to watch out for Nazis during the January 6 Capitol riot on an internal Slack channel. An outside investigation found that the company made errors in procedure and judgment related to the dismissal. GitHub apologized and reversed the decision regarding the employee's termination. The company also disclosed that its human resources head took personal accountability and has resigned.

UPDATES: 17 Jan 2021: GitHub admits error in firing Jewish employee who warned colleagues to 'stay safe' from Nazis amid Capitol riot. (MORNINGSTAR.COM)

**Source:** 17 Jan 2021 (MORNINGSTAR.COM)

**Date:** November 2020  
**Assessment:** Moderate  
**Status:** Ongoing

#### Xinjiang region: Allegations of subjecting Uyghurs to forced labor in factories

In March 2020, Australian Strategic Policy Institute (ASPI) reported that Microsoft Corporation's suppliers such as O-Film Technology Co Ltd. a compact camera modules and touchscreen manufacturer, and Foxconn Technology, an electronics manufacturer, allegedly employed Uyghur or Uighur (a Muslim minority group in Xinjiang, China) workers who were part of the Chinese government's labor transfer programs. Dongguan Yidong Electronic Co. Ltd also mentioned its end customers include Microsoft. Dongguan's subsidiary Hubei Yihong Precision Manufacturing reportedly also employed Uyghur workers.

According to various reports, since 2017, more than one million Uyghurs, Kazakhs and other ethnic minorities have been detained in 're-education camps'. The camps were reportedly being monitored by cameras, guarded by armed police and walled with barbed wires. In addition, the reports cited allegations that the Uyghurs were forced to carry out manual labor in the camps for various production supply chains that provide raw materials allegedly sourced by a number of manufacturing and retail companies globally.

UPDATES: 25 Nov 2020: Company Communication. (Microsoft Corporation)

01 Mar 2020: Uyghurs for Sale: 'Re-education', forced labour and surveillance beyond Xinjiang. (Australian Strategic Policy Institute)

**Source:** 25 Nov 2020 (Microsoft Corporation)

**Date:** November 2020  
**Assessment:** Moderate  
**Status:** Ongoing

#### United States: OFCCP inquiry on diversity hiring commitment as potential unlawful discrimination

In October 2020, Microsoft Corporation (Microsoft) disclosed that the United States Department of Labor Office of Federal Contract Compliance Programs (OFCCP) contacted the company regarding its diversity commitments and the potential unlawful discrimination on the basis of race.

Microsoft Corporation earlier announced that as part of its commitment to boost internal diversity within the company, it intends to double the number of African-American managers, contributors, and senior leaders by 2025.

UPDATES: 25 Nov 2020: Company Communication. (Microsoft Corporation)

07 Oct 2020: Microsoft probed over aim to double black staff numbers. (BBC)

06 Oct 2020: Microsoft denies U.S. suggestion its diversity plan illegally discriminates by race. (REUTERS UK)

06 Oct 2020 Responding to the OFCCP on our June diversity commitments. (Microsoft Corporation)

**Source:** 25 Nov 2020 (Microsoft Corporation)

**Date:** September 2020

**Assessment:** Moderate

**Status:** Concluded

### United States: Early agreement of USD 3 million with OFCCP over alleged racial discrimination in hiring practices that affected 1,229 applicants

In September 2020, the U.S. Department of Labor announced that Microsoft Corporation had entered into an early resolution conciliation agreement (ERCA) with the Office of Federal Contract Compliance Program (OFCCP) over alleged racial discrimination in its hiring practices. Under the agreement, Microsoft agreed to pay a total of USD 3 million to compensate 1,229 affected applicants in four U.S. states.

Microsoft was found to be in violation by the OFCCP of Executive Order 11246 (E.O. 11246), which required equal employment opportunity, based on an analysis of Microsoft's hiring process and employee selection procedures. OFCCP found that Microsoft was out of compliance with E.O. 11246 at four locations: Las Colinas, TX (disparity against Asian applicant); Redmond, WA (disparity against African American and Hispanic applicant); New York City, NY (disparity against Asian applicant); and Cambridge, MA (disparity against Asian applicant). Microsoft disputed the claims in the OFCCP's investigation.

UPDATES: 18 Sep 2020: U.S. Department of Labor and Microsoft Corp. enter agreement to resolve alleged hiring discrimination affecting 1,229 applicants in four states. (U.S. Department of Labor)

16 Sep 2020: Microsoft Cuts \$3M Deal To Short Circuit Feds' Hiring Probe. (LAW360)

**Source:** 18 Sep 2020 (U.S. Department of Labor)

**Date:** February 2020

**Assessment:** Moderate

**Status:** Ongoing

### Criticism over allegations of security updates disabling and disrupting Windows operating systems

In January 2018, Microsoft Corporation received criticism over allegations that its fixes for Intel security flaws were actually disabling various Windows operating systems. Customers claimed that when recent Microsoft updates occurred, "blue screen errors" appeared which froze PC screens and made it impossible to reboot systems.

UPDATES: 17 Feb 2020: Microsoft software woes continue as warning issued to millions of users. (Channel News) A security update for Windows 10 was removed due to reports system freezes and crashes.

15 Oct 2019: Microsoft is fixing this Windows 10 'critical error' but you've still got weeks to wait; MICROSOFT has now confirmed that it's working on a fix for a "critical" issue with its Start Menu. However, fans may not get this update until the end of October.. (EXPRESS ONLINE)

10 Oct 2019: Windows 10 gets yet another faulty update with broken Start menu. (T-BREAK TECH)

09 Jan 2018: Meltdown bug: Microsoft halts security updates after PC owners report 'blue screen of death'. (TELEGRAPH.CO.UK)

**Source:** 17 Feb 2020 (Channel News)

**Date:** February 2020

**Assessment:** Moderate

**Status:** Ongoing

### United States: FTC review of past acquisitions for potential antitrust violations

In February 2020, the U.S. Federal Trade Commission (FTC) issued an order requiring multiple technology companies, including Microsoft Corporation, to provide information regarding past acquisitions that were not previously reported to antitrust agencies. The FTC would examine the terms, scope, structure, and purpose of the transactions that each company completed between January 1, 2010 and December 31, 2019 to determine whether they were making potentially anti-competitive acquisitions of potential rivals that do not need to be subjected to antitrust review as they were under the size-of-transaction threshold. The agency stated that the review is intended for research but could lead to enforcement action should they find issues with the transactions.

Other companies cited in the FTC's order were Alphabet, Amazon.com, Apple, and Facebook.

UPDATES: 11 Feb 2020: FTC Expands Antitrust Investigation Into Big Tech. (The Wall Street Journal)

11 Feb 2020: FTC to Examine Past Acquisitions by Large Technology Companies. (U.S. Federal Trade Commission)

**Source:** 11 Feb 2020\_The Wall Street Journal

## Minor Controversies

**Date:** October 2021

**Assessment:** Minor

**Status:** Ongoing

### Gästrikland, Sweden: Local union's safety representatives protested over allegation of improperly imposing confidentiality agreement before granting access to data center

UPDATES: 25 Oct 2021: Safety officer quits in protest - Transportation rages against Microsoft. (LO-TIDNINGEN)

**Source:** 25 Oct 2021 (LO-TIDNINGEN)

**Date:** October 2021

**Assessment:** Minor

**Status:** Ongoing

### US: Lawsuits over alleged unauthorized use of people's images for training facial recognition technologies

UPDATES: 08 Oct 2021: Ill. Residents Seek Cert. In Privacy Suit Against Tech Giants. (LAW360)

22 Jul 2021: No new information available.

16 Jun 2021: Vance v. Microsoft Corporation (2:20-cv-01082). (Washington Western District Court) The judge granted in part and denied in part the two remaining portions of Microsoft's motion to dismiss.

16 Apr 2021: Amazon and Microsoft team up to defend against facial recognition lawsuits. (The Seattle Times)

14 Jul 2020: Amazon, Google, Microsoft sued over photos in facial recognition database. (CNET)

**Source:** 08 Oct 2021 (LAW360)

**Date:** October 2021

**Assessment:** Minor

**Status:** Ongoing

## LinkedIn, California, US: Purported class action over alleged inaccurate sponsored content metrics in advertising platform

UPDATES: 07 Oct 2021: No new information available.

20 Aug 2021: In Re LinkedIn Advertising Metrics Litigation, 5:2020cv08324. (California Northern District Court)

05 Aug 2021: LinkedIn must face narrowed US lawsuit claiming it overcharged advertisers. (Reuters)

23 Nov 2020: LinkedIn 'Recklessly' Overreported Ad Metrics, Ad Buyers Say. (LAW360)

**Source:** 20 Aug 2021 (California Northern District Court)

**Date:** October 2021

**Assessment:** Minor

**Status:** Ongoing

## Utah, US: Lawsuit over alleged denial of claims for residential treatment benefits in violation of ERISA

UPDATES: 07 Oct 2021: No new information available.

10 Aug 2021: M. S. v. Premera Blue Cross, 2:2019cv00199. (Utah District Court)

**Source:** 10 Aug 2021 (Utah District Court)

**Date:** July 2021

**Assessment:** Minor

**Status:** Ongoing

## Washington, United States: Purported class action over alleged defective thumbstick components in Xbox One controller devices

UPDATES: 22 Jul 2021: No new information available.

03 May 2021: McFadden v. Microsoft Corporation, 2:2020cv00640. (Western District Court of Washington) The lawsuit entered into the arbitration provision.

09 Feb 2021: McFadden v. Microsoft Corporation, 2:2020cv00640. (Western District Court of Washington) Microsoft called on the Washington Court to compel arbitration.

06 Jan 2021: Microsoft Wants Xbox Controller Drifting Lawsuit Settled Out of Court. (LEGAL MONITOR WORLDWIDE)

15 Jun 2020: No new information available.

28 Apr 2020: McFadden v. Microsoft Corporation. (Washington Western District Court)

**Source:** 03 May 2021 (Western District Court of Washington)

**Date:** July 2021

**Assessment:** Minor

**Status:** Ongoing

## Investigations on alleged data scraping incident of over 500 million LinkedIn users' profiles; no breach of private data reported

UPDATES: 20 Jul 2021: Hacker behind LinkedIn scraping did it "for fun". (COMPUTING.CO.UK)

05 Jul 2021: Data On 700 Million LinkedIn Users For Sale On Dark Web - Report. (SILICON.CO.UK)

12 Apr 2021: LinkedIn denies data breach after 500m records reportedly posted for sale. (GRC WORLD FORUMS)

14 Apr 2021: 827 million LinkedIn profiles on sale for \$7,000. (Hindustan Times)

08 Apr 2021: LinkedIn: dopo il furto di dati il Garante apre un'istruttoria sul social network e avverte che l'utilizzo dei dati provenienti dalla violazione è illecito. Utenti invitati a prestare particolare attenzione a possibili anomalie sui propri cellulari o account. [LinkedIn: after the data theft, the Guarantor opens an investigation on the social network and warns that the use of data from the violation is illegal. Users invited to pay particular attention to possible anomalies on their mobile phones or accounts]. (Italian Data Protection Authority)

08 Apr 2021: An update on report of scraped data. (LinkedIn Corporation)

08 Apr 2021: Hackers scraped data from 500 million LinkedIn users — about two-thirds of the platform's userbase — and have posted it for sale online. (Business Insider)

07 Apr 2021: Hackers are using LinkedIn to target people looking for jobs with fake offers. (Hindustan Times)

08 Apr 2021: Hong Kong's privacy watchdog checking whether Hongkongers exposed in massive LinkedIn data leak. (South China Morning Post)

**Source:** 20 Jul 2021 (COMPUTING.CO.UK)

**Date:** June 2021

**Assessment:** Minor

**Status:** Ongoing

## Illinois, US: Proposed class action over alleged unauthorized collection of Uber drivers' facial biometrics through Face API embedded software

UPDATES: 12 Jun 2021: Peña v. Microsoft Corp., 1:21-cv-03229. (Illinois Northern District Court) The case was moved to federal court.

19 May 2021: Microsoft Collects and Profits From Uber Drivers' Biometric Data Without Their Consent, Class Action Lawsuit Claims. (Top Class Actions)

12 May 2021: Peña v. Microsoft Corp., 2021CH02338. (Circuit Court of Cook County, Illinois)

**Source:** 12 Jun 2021 (Illinois Northern District Court)

**Date:** May 2021

**Assessment:** Minor

**Status:** Concluded

## Complaints into Office 365 software bug that resulted in emails being routed in junk folder

UPDATES: 28 May 2021: Microsoft fixes Office 365 flaw that led emails to end up in junk folder. (Tech Radar)

**Source:** 28 May 2021 (Tech Radar)



<div>Date: May 2021</div> <div>Assessment: Minor</div> <div>Status: Ongoing</div>	<div>Complaints over software bug which prevented Windows 10 from starting</div> <div>UPDATES: 10 May 2021: Microsoft pulls Windows 10 AMD driver causing PCs not to boot. (ICT MONITOR WORLDWIDE)</div> <div>Source: 10 May 2021 (ICT MONITOR WORLDWIDE)</div>
<div>Date: April 2021</div> <div>Assessment: Minor</div> <div>Status: Ongoing</div>	<div>North America: Internal investigation into customer complaints over alleged service outage of Teams</div> <div>UPDATES: 08 Apr 2021: Microsoft 365 Restored After Outage. (SILICON.CO.UK)</div> <div>02 Apr 2021: Microsoft says investigating issues with Microsoft 365 services and features. (THE NATIONAL POST)</div> <div>17 Feb 2021: Microsoft says Teams app technical issue mostly resolved. (Reuters)</div> <div>05 Feb 2021: Microsoft investigates issue with Teams meetings for North America users. (THE NATIONAL POST)</div> <div>Source: 08 Apr 2021 (SILICON.CO.UK)</div>
<div>Date: March 2021</div> <div>Assessment: Minor</div> <div>Status: Ongoing</div>	<div>Internal investigation into authentication issue affecting multiple cloud services including Microsoft Teams and Xbox Live</div> <div>UPDATES: 16 Mar 2021: Microsoft 365 authentication issue causes Microsoft Teams and other services to go down. (ICT MONITOR WORLDWIDE)</div> <div>Source: 16 Mar 2021 (ICT MONITOR WORLDWIDE)</div>
<div>Date: March 2021</div> <div>Assessment: Minor</div> <div>Status: Ongoing</div>	<div>U.S. and Canada: Consumer class action lawsuits over alleged unfair competition practices related to its operating system products between 1998 and 2010</div> <div>UPDATES: 11 Mar 2021: No new information available.</div> <div>31 Dec 2020: 10-Q, 2020. (SEC Filing)</div> <div>05 Jan 2021: Did you buy Microsoft PC software between 1998 and 2010? You could be eligible to claim up to \$250. (CTV News)</div> <div>Source: 31 Dec 2020 (SEC Filing)</div>
<div>Date: March 2021</div> <div>Assessment: Minor</div> <div>Status: Ongoing</div>	<div>Purported class action over alleged failure to design, construct, and operate its website for visually impaired people in violation of ADA</div> <div>UPDATES: 09 Mar 2021: No new information available.</div> <div>29 Oct 2020: Romero v. Microsoft Corporation, 1:2020cv09083. (Southern District Court of New York)</div> <div>Source: 29 Oct 2020 (Southern District Court of New York)</div>
<div>Date: January 2021</div> <div>Assessment: Minor</div> <div>Status: Ongoing</div>	<div>LinkedIn Corp., California: Purported class action over alleged mismanagement of employees 401(k) retirement funds</div> <div>UPDATES: 05 Jan 2021: LinkedIn Aims Ax At Workers' Mismanaged \$817M 401(k) Suit. (LAW360)</div> <div>Source: 05 Jan 2021 (LAW360)</div>
<div>Date: July 2020</div> <div>Assessment: Minor</div> <div>Status: Concluded</div>	<div>Ontario, Canada: Lawsuit over allegations of unfair termination of stock awards upon dismissal without cause</div> <div>In July 2020, a former employee of Microsoft Canada Inc., a subsidiary of Microsoft Corporation, filed a wrongful dismissal lawsuit against the company over his alleged termination without cause in August 2018 which caused him to lose his previously awarded but unvested stock bonuses. The Ontario Superior Court ruled that the termination provisions of the stock awards agreement were unenforceable due to inadequate notice. The former employee was awarded damages for the lost stock bonuses accordingly.</div> <div>UPDATES: 20 Jul 2020: Battiston v Microsoft Canada Inc, 2020 ONSC 4286. (Ontario Superior Court)</div> <div>Source: 20 Jul 2020 (Ontario Superior Court)</div>

GOVERNANCE CONTROVERSIES

Moderate Controversies

<div>Date: May 2020</div> <div>Assessment: Moderate</div> <div>Status: Ongoing</div>	<div>Spain: CNMC investigation over alleged failure to disclose the provisions of 'Skype Out' services to the public</div> <div>In May 2020, the Spanish Communications regulator, National Commission on Markets and Competition (CNMC) launched an investigation against Microsoft Ireland over its alleged failure to disclose the proper provisions of its 'Skype Out' service, which allows a consumer to make calls to standard phone lines to the public, violating Spain's General Telecommunications Law. The regulator ordered Microsoft to register its 'Skype Out' services in Spain's Registry of Operators.</div> <div>UPDATES: 28 May 2020: 'Spain launches 'Skype Out' probe, tells Microsoft to register as telco'. (DMEUROPE)</div> <div>Source: 28 May 2020 (DMEUROPE)</div>
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Minor Controversies

Date: May 2021

Assessment: Minor

Status: Ongoing

Internal investigation into allegation of former chairman and CEO's improper relationship with a female employee in 2000

UPDATES: 18 May 2021: Bill Gates left Microsoft amid affair investigation. (BBC)

17 May 2021: Microsoft investigated Gates before he left board, according to report. (Boston Globe)

16 May 2021: Bill Gates Left Microsoft Board Amid Probe Into Prior Relationship With Staffer. (The Wall Street Journal)

Source: 18 May 2021 (BBC)

## KEY METRIC &amp; SCORE CHANGES

## ALL KEY METRIC &amp; SCORE CHANGES (SINCE AUGUST 2020)

Key Metric	Key Metric Change	Date	Score Change*	Change Notes
Pay Linked to Sustainability	Flag Removed	Nov 23, 2021	0.20	
Expense Recognition	Flag Added	Nov 23, 2021		Updates to data for accounting peer group member(s)
CEO Pay Total Fixed	Flag Removed	Nov 23, 2021	0.20	
CEO Pay Total Awarded	Flag Removed	Nov 19, 2021	0.20	
CEO Pay Total Awarded	Flag Added	Sep 17, 2021	-0.20	
Asset-Liability Valuation	Flag Removed	Sep 17, 2021	0.21	Updates to data for accounting peer group member(s)
Asset-Liability Valuation	Flag Added	Aug 06, 2021	-0.10	Updates to data for accounting peer group member(s)
Independent Chair	Flag Added	Jul 16, 2021	-0.10	
Combined CEO/Chair	Flag Added	Jul 16, 2021	-0.20	
Asset-Liability Valuation	Score Change	Jun 21, 2021	-0.05	Updates to data for accounting peer group member(s)
CEO Pay Total Awarded	Flag Removed	May 06, 2021	0.20	
Revenue Recognition	Flag Removed	Feb 18, 2021	-0.04	Updates to data for accounting peer group member(s)
Expense Recognition	Flag Removed	Feb 18, 2021	-0.18	Updates to data for accounting peer group member(s)
Asset-Liability Valuation	Flag Removed	Feb 18, 2021	-0.26	Updates to data for accounting peer group member(s)
Revenue Recognition	Flag Added	Feb 15, 2021	0.04	Updates to data for accounting peer group member(s)
Long-Term Pay Performance Versus Peers	Flag Removed	Feb 15, 2021	0.20	
Expense Recognition	Flag Added	Feb 15, 2021	0.18	Updates to data for accounting peer group member(s)
Asset-Liability Valuation	Flag Added	Feb 15, 2021	0.17	Updates to data for accounting peer group member(s)
Long-Term Pay Performance Versus Peers	Flag Added	Jan 15, 2021	-0.20	
Long-Term Pay Performance Versus Peers	Flag Removed	Jan 08, 2021	0.20	
Significant Vote Against Pay Practices	Flag Removed	Dec 21, 2020	0.15	
CEO Equity Changes	Flag Added	Nov 26, 2020	-0.20	
Dispersed Ownership Concerns	Flag Added	Oct 13, 2020	-0.20	
Restatements or Special Charges	Flag Removed	Sep 23, 2020	0.00	Event now time expired

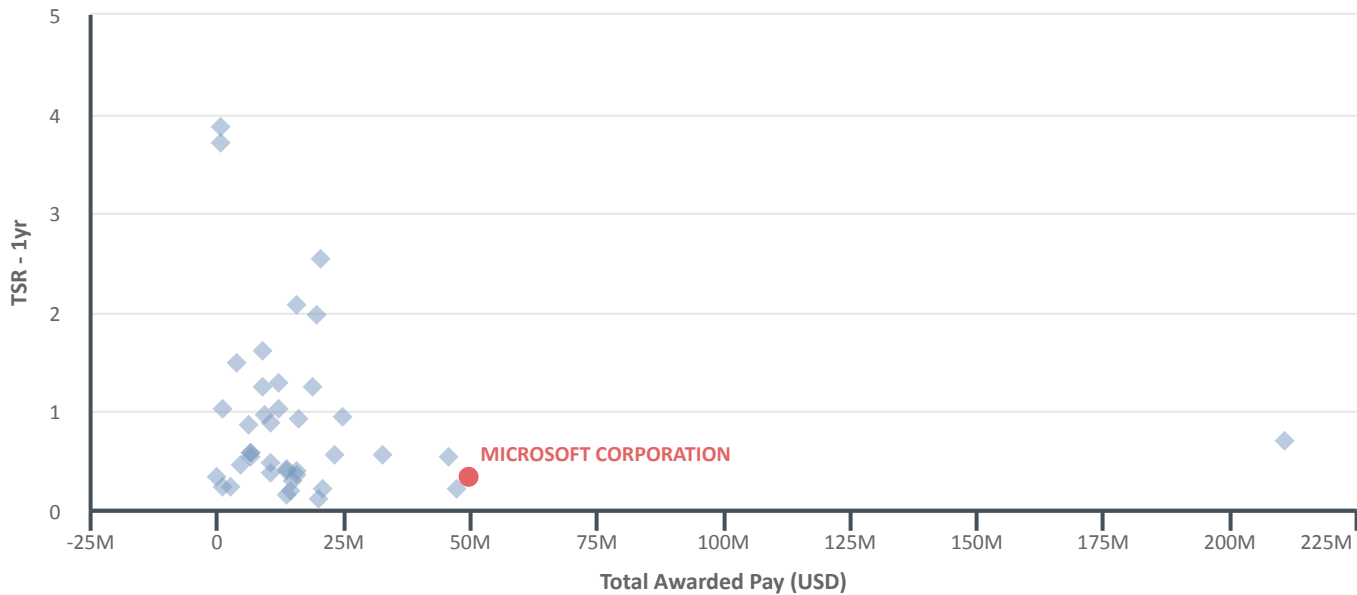
\*Score change available in respect of changes dated on or after 13 December 2017.

## CEO PAY CHARTS

Due to the large size of this peer group, only a subset of companies is displayed in this table.

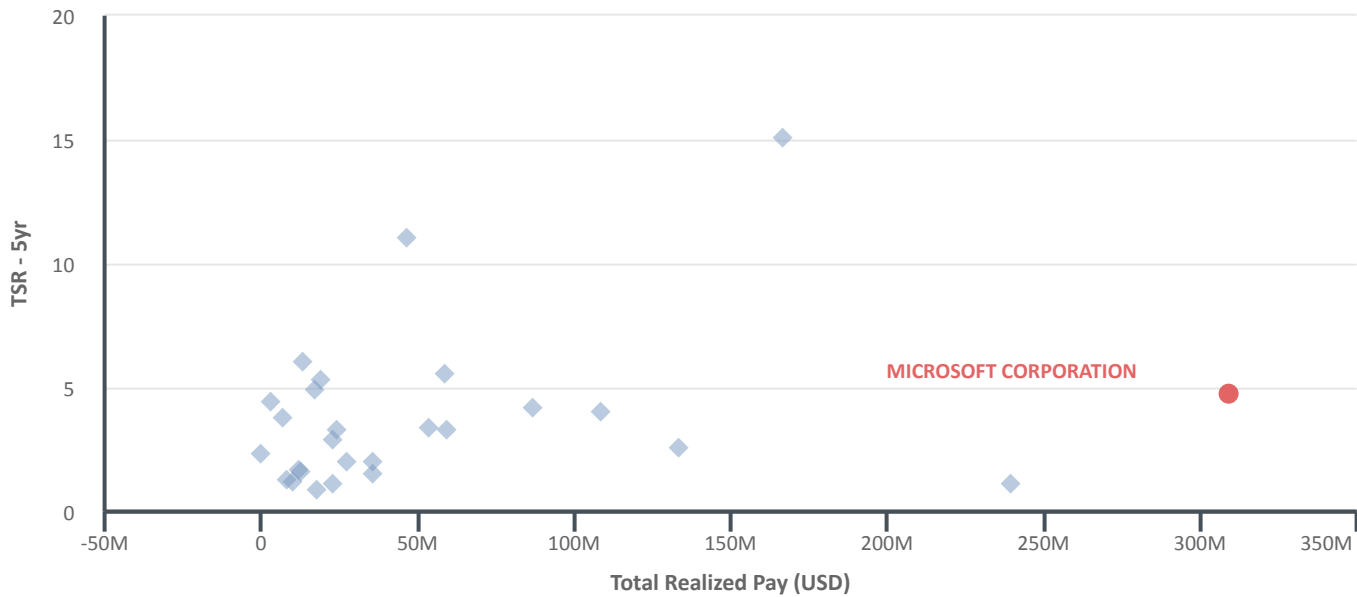


CEO TOTAL AWARDED PAY VERSUS PAY PEER GROUP



Pay Peers (◆) are used in the calculation of the Key Metric CEO Pay Total Summary and selected as set out in the MSCI Governance Metrics Methodology Document.

CEO TOTAL REALIZED PAY VERSUS PAY PEER GROUP



Pay Peers (◆) are used in the calculation of the Key Metric CEO Pay Total Summary and selected as set out in the MSCI Governance Metrics Methodology Document.

## DIRECTOR VOTES

Proxy Year	Name	Age	Tenure	Votes For	Votes Against, Withheld and / or Abstained
2021	Carlos Rodriguez	57	0.0794	99.7%	0.3%
2021	Charles (Charlie) Scharf	56	7	99%	1%
2021	Emma Walmsley	52	2	99.3%	0.7%
2021	Hugh Johnston	60	4	97.5%	2.5%
2021	John Stanton	66	7	99.6%	0.4%
2021	John Thompson	72	9	91.3%	8.7%
2021	Padmasree Warrior	60	6	99.4%	0.7%
2021	Penny Pritzker	62	4	99.5%	0.5%
2021	Reid Hoffman	54	4	99.3%	0.7%
2021	Sandra Peterson	62	6	98.8%	1.2%
2021	Satya Nadella	54	7	94.2%	5.8%
2021	Teri List-Stoll	58	7	98.8%	1.2%

## SHAREHOLDER/MANAGEMENT PROPOSALS

## MANAGEMENT PROPOSALS

Proxy Year	Proposal	Proposal Summary	Outcome	Votes For	Votes Against	Abstain/ Withheld%
2021	Auditor Ratification	Ratification of Appointment of Independent Auditor for Fiscal Year 2022	Approved	95.1%	4.6%	0.3%
2021	Advisory Vote on Executive Compensation	Advisory Vote to Approve Named Executive Officer Compensation	Approved	94.9%	4.5%	0.5%
2021	ESOP, ESPP or Pension Fund	Approval of Employee Stock Purchase Plan	Approved	99.5%	0.3%	0.2%
2020	Advisory Vote on Executive Compensation	Advisory Vote to Approve Named Executive Officer Compensation	Approved	94.4%	5.3%	0.3%
2020	Auditor Ratification	Ratification of Appointment of Independent Auditor	Approved	95.9%	3.9%	0.2%
2019	Auditor Ratification	Ratification of Appointment of Independent Auditor	Approved	92.5%	3.4%	4.2%
2019	Advisory Vote on Executive Compensation	Advisory Vote to Approve Named Executive Officer Compensation	Approved	76.4%	23.2%	0.3%

\*For Management Proposals at AGM's held more than three years ago, please refer to the Screener tool on ESG Manager.

## SHAREHOLDER PROPOSALS

Proxy Year	Proposal	Proposal Summary	Proposal Proponent	Outcome	Votes For	Votes Against	Abstain/ Withheld%
2021	Employment Discrimination	Shareholder Proposal: Report on median pay gaps across race and gender	Arjuna Capital and a co-filer	Defeated	39.5%	59.2%	1.3%
2021	Human Rights	Shareholder Proposal: Report on effectiveness of workplace sexual harassment policies	Arjuna Capital	Approved	77.3%	21.8%	0.9%
2021	Human Rights	Shareholder Proposal: Prohibition on sales of facial recognition technology to all government entities	Harrington Investments, Inc.	Defeated	45.7%	53.3%	1%
2021	Employment Discrimination	Shareholder Proposal: Report on implementation of the Fair Chance Business Pledge	NorthStar Asset Management, Inc	Defeated	13.7%	85%	1.3%
2021	Environmental - Lobbying, Public Relations and Legal Expenditures	Shareholder Proposal: Report on how lobbying activities align with Company policies	The Congregation of the Sisters of St. Joseph of Peace and a number of co-filers	Defeated	37.9%	61.7%	0.5%
2020	Board Elections - Shareholder Nominations	Shareholder Proposal Concerning Report on Employee Representation on Board of Directors	NorthStar Asset Management, Inc.	Defeated	5.1%	94.4%	0.4%
2019	Other	Shareholder Proposal Concerning Report on Employee Representation on Board of Directors	Shareholders of Microsoft	Defeated	4.2%	91%	4.8%
2019	Employment Discrimination	Shareholder Proposal Concerning Report on Gender Pay Gap	Shareholders of Microsoft	Defeated	28%	66.7%	5.3%

\*For Shareholder Proposals at AGM's held more than three years ago, please refer to the Screener tool on ESG Manager.

WASHINGTON



CURRENCY: UNITED STATES DOLLAR (USD)

In the United States, most governance principles are governed by state laws that are not uniform or nationally enforced. However, the majority of states have adopted the Model Business Corporation Act (MBCA) as the basis of their own laws by modifying some of the provisions of the MBCA. The MBCA is a body of laws designed to regulate corporate affairs uniformly across different states. It is the basis for business corporation statutes in 32 states and the District of Columbia and is the source of many provisions in the general corporation statutes of other states. Further, the Securities and Exchange Commission (SEC) regulates certain governance related matters on a federal level.

The majority of large U.S. businesses are listed on either the New York Stock Exchange (NYSE) or the Nasdaq Stock Market (Nasdaq), and therefore are subject to their listing rules. The U.S. has not adopted a national corporate governance code.

Washington Business Corporation Act is based on the Model Act and is the main legislative framework for corporate governance in the state of Washington.

Companies adopt a unitary board structure in the U.S. The NYSE and Nasdaq listing rules require the majority of directors to be independent. The SEC rules require public companies to disclose and explain their chair-CEO structure and whether one or two people hold the roles. If the roles are combined, the company must further disclose whether it has a lead independent director and specify their role within the company leadership.

Unless stated otherwise in the articles of association, directors may appoint inspectors in advance of any shareholder meeting to determine the number of shares outstanding, voting rights, shares represented at the meeting, existence of a quorum, authenticity and validity of proxies, and take all other actions with regards to the annual shareholders' meeting.

Related party transactions (RPTs) are valid if the transaction was conducted on reasonable and fair terms when it was approved, and the RPT is approved in good faith by the majority of independent directors. If the number of independent directors is less than a quorum, then it must be approved by shareholders.

The board of directors may fix director and officer pay, although most companies delegate the responsibility for defining executive pay to independent directors, usually upon the recommendation of the pay or nominating/governance committee. Officers are executive directors that are responsible for the daily management of the company.

The Dodd-Frank Act requires listed companies to hold an advisory vote every three years on "say on pay" policies, as well as disclose additional information regarding "golden parachute" arrangements linked to merger transactions.

Listed companies must annually disclose the pay of directors and officers, including stock and option awards. Disclosure must be made in a tabular format, along with a descriptive summary of the information in the table. Companies listed on Nasdaq must also disclose pay arrangements between directors or nominees and third parties.

The U.S. market is known for having widely dispersed ownership, but founder-led companies are common. There are multiple share classes with unequal voting rights and voting right limits.

Shareholders with at least 10% voting rights can request to convene a general meeting.

A notice of the meeting, specifying the date, time, place and purpose must be given no less than seven days and no more than 60 days in advance. Special meeting of shareholders may be convened by shareholders owning at least 10% of shares. Typically, each share is entitled to one vote and fractional shares are entitled to proportionate votes. Shareholders do not have preemptive rights unless specifically provided in the bylaws or articles. Dissenting shareholders are entitled to appraisal rights.

Unless otherwise stipulated in the articles, a corporation is not obligated to offer shareholders any shares, option rights or securities when issuing them.

There are no mandatory takeover bid provisions in the U.S.

There are many provisions in the Federal Sarbanes-Oxley Act that govern the audit process. A public company's annual financial statements must be audited by a registered, independent auditing firm. Listed companies prepare two annual reports, one for SEC (Form 10-K) and one for their shareholders. The reports to shareholders, as required by SEC, must contain certified financial statements of two-year audited balance sheets, and three-year audited statement of income and cash flows. Directors and officers of the corporation must also be identified. Interim financial statements are not audited, only reviewed by the company's auditors. If an auditor has not reviewed the interim financial report, it must be accompanied with a notice indicating the interim financial report has not been reviewed by an auditor. Audit firm rotation is not required but lead audit partners must be rotated every five years.

## DIRECTOR PROFILES

## CARLOS RODRIGUEZ

Age: 57  
Gender: M  
Nationality: Mexico

Financial: Yes  
Risk: No  
Industry: Software & Services - IT Services, Commercial & Professional Services - Professional Services

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Carlos A. Rodriguez, Independent, Experience: Automatic Data Processing, Inc. (1999-present) (human capital management solutions provider) • President, Chief Executive Officer, and Director (2011-present) • President, Chief Operating Officer, and Director (2011) • Various positions of increasing authority (1999-2011) Vincam Group, Inc. (1996-1999) (acquired by Automatic Data Processing, Inc. in 1999) • Senior Vice President Finance and Chief Financial Officer (1997-1999) • Vice President, Mergers & Acquisitions (1996-1997) • Vice President, Operations (1996) Microsoft committees: • Appointment will be made after election Other public company directorships: • Automatic Data Processing, Inc.

AUTOMATIC DATA PROCESSING, INC. - Executive, Board Member, CEO Source Date: 09/23/2021

Carlos A. Rodriguez, Director since: 2011, Management President and Chief Executive Officer of Automatic Data Processing, Inc. Mr. Rodriguez is president and chief executive officer of the company. He served as president and chief operating officer of the company before he was appointed to his current position in November 2011. Having started his career at the company in 1999, Mr. Rodriguez previously served as president of several key businesses, including National Accounts Services, Employer Services International, Small Business Solutions, and Professional Employer Organization, giving him deep institutional knowledge across the company's business. Mr. Rodriguez was also a director of Hubbell Inc., a manufacturer of electrical and electronic products, from 2009 to 2016. Key Skills & Qualifications In addition to broad managerial, operational and strategic planning expertise, Mr. Rodriguez brings a wealth of business acumen and leadership experience to our board of directors, including a deep knowledge of the HCM industry and unique understanding of our business, coupled with a proven track record of integrity, achievement and strategic vision.

HUBBELL INCORPORATED - Board Member Source Date: 03/22/2021

Mr. Carlos A. Rodriguez has been the Chief Executive Officer and President of Automatic Data Processing, Inc. since November 2011. Mr. Rodriguez served as the Chief Operating Officer of Automatic Data Processing Inc. from May 2011 to November 8, 2011. Mr. Rodriguez served as the President of Employer Services- National Account Services and Employer Services International at Automatic Data Processing, Inc. from March 2010 to May 2011. Mr. Rodriguez served as the President of Employer Services - Small Business Services Division of Automatic Data Processing, Inc. from 1999 to 2010. He served as the President of TotalSource, Employer Services of ADP from 2000 to 2007. He joined ADP in 1999 through its acquisition of Vincam, where he served initially as Chief Financial Officer for a short period before becoming President of ADP TotalSource®. He has been a Director of Automatic Data Processing, Inc., since November 8, 2011 and Hubbell Inc. since June 2009. He serves as a Director of A-T Children's Project. He is a member of World 50, Inc. Mr. Rodriguez holds a BA in Government from Harvard College and an MBA from the Harvard Business School.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
MICROSOFT CORPORATION	Board Member		Nov 30, 2021		Yes	Yes	
AUTOMATIC DATA PROCESSING, INC.	Executive, Board Member, CEO	10	Nov 08, 2011		No	Yes	

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
AUTOMATIC DATA PROCESSING, INC.	2021	99.4%	0.6%
MICROSOFT CORPORATION	2021	99.7%	0.3%

## EXECUTIVE PAY (all values USD)

Company	Role	Tenure	Pay Year	Total Annual Pay	Total Awarded Pay	Total Realized Pay	Shares Held
AUTOMATIC DATA PROCESSING, INC.	CEO	10	2021	5,367,470	16,985,259	18,808,780	110,739

CHARLES (CHARLIE) SCHARF

Age:	56	Financial:	Yes
Gender:	M	Risk:	No
Nationality:	United States of America	Industry:	Diversified Financials - Diversified Financial Services, Software & Services - IT Services

BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Charles W. Scharf CEO and President, Wells Fargo & Company Charles Scharf is chief executive officer and president, and a member of the board of directors of Wells Fargo & Company. A financial services veteran with 24 years of experience in leadership roles in the banking and payments industries, Scharf served as chief executive officer of The Bank of New York Mellon from 2017 to 2019 and the chairman of its board from 2018 to 2019. He also was chief executive officer and a director of Visa Inc. from 2012 to 2016. Previously, Scharf was a managing director of One Equity Partners at JPMorgan Chase & Co. and chief executive officer of Retail Financial Services at JPMorgan Chase. He also was chief executive officer of the retail division of Bank One Corp., chief financial officer of Bank One Corp., chief financial officer of the Global Corporate and Investment Bank division of Citigroup, and chief financial officer of Salomon Smith Barney and its predecessor company. Scharf holds a bachelor's degree from Johns Hopkins University and an MBA from New York University. Scharf joined the Microsoft board as an independent director in October 2014.

WELLS FARGO & COMPANY - Executive, Board Member, CEO Source Date: 03/16/2021

Charles W. Scharf Chief Executive Officer and President Wells Fargo & Company Charles W. Scharf is chief executive officer and president, and a member of the Board of Directors of Wells Fargo & Company. A financial services veteran with 24 years of experience in leadership roles in the banking and payments industries, Charlie served as chief executive officer of Bank of New York Mellon from July 2017 to October 2019 and the chairman of its board from January 2018 to October 2018. He also was chief executive officer and a director of Visa Inc. from November 2012 to December 2016. During his tenure at Bank of New York Mellon, Charlie demonstrated a strong track record in initiating and leading change, driving results, strengthening operational risk and compliance, and innovating amid a rapidly evolving digital landscape. As the CEO of Visa, Charlie transformed the firm into a technology-driven digital commerce company by partnering with the world's leading technology companies to drive new payment experiences and introduce new technologies to improve payment system security. Previously, he was a managing director of One Equity Partners at JPMorgan Chase & Co. and chief executive officer of Retail Financial Services at JPMorgan Chase. He also was chief executive officer of the retail division of Bank One Corp., chief financial officer of Bank One Corp., chief financial officer of the Global Corporate and Investment Bank division of Citigroup, and chief financial officer of Salomon Smith Barney and its predecessor company. Charlie earned a Bachelor of Arts degree from Johns Hopkins University and an MBA from New York University. He is a director of Microsoft Corporation, serves on the board of trustees of Johns Hopkins University, is a member of The Business Council, and is chairman of the New York City Ballet. He lives in New York City.

The Bank of New York Mellon Corporation - Executive Source Date: 03/02/2021

Charles W. Scharf is the Management Director since 2017 Chair and Chief Executive Officer of The Bank of New York Mellon Corporation Committees: None Other Current Public Company Board Service: Microsoft Corporation Mr. Scharf has served as our Chief Executive Officer since July 2017. Mr. Scharf served as the Chief Executive Officer and a director of Visa Inc. from 2012 to 2016. Prior to that, Mr. Scharf served in several senior positions at JPMorgan Chase & Co. (from 2004 to 2011), Bank One Corporation (from 2000 to 2004), and Citigroup Inc. and its predecessors (from 1987 to 2000). Mr. Scharf is a trustee of Johns Hopkins University and is Chairman of the New York City Ballet. Mr. Scharf received a Bachelor of Arts degree from Johns Hopkins University and an M.B.A. from New York University. Skills and Expertise: Knowledge of the company's businesses and operations, Experience in banking, risk management and financial regulation, Leadership of a large global financial institution.

CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
WELLS FARGO & COMPANY	Executive, Board Member, CEO	2	Sep 26, 2019		No	Yes	
The Bank of New York Mellon Corporation	Executive		Jul 17, 2017	Sep 26, 2019	No	Yes	
MICROSOFT CORPORATION	Board Member	7	Oct 01, 2014		Yes	Yes	
VISA INC.	Executive		Nov 01, 2012	Dec 01, 2016	No	Yes	

BOARD COMMITTEES

Company	Committee Type	Position
MICROSOFT CORPORATION	Pay	Member
MICROSOFT CORPORATION	Corporate Governance	Member
MICROSOFT CORPORATION	Nomination	Member

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	99%	1%
WELLS FARGO & COMPANY	2021	97.7%	2.3%

## EXECUTIVE PAY (all values USD)

Company	Role	Tenure	Pay Year	Total Annual Pay	Total Awarded Pay	Total Realized Pay	Shares Held
WELLS FARGO & COMPANY	CEO	2	2020	6,850,000	20,392,046	9,557,654	232,818

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
MICROSOFT CORPORATION	Non-Executive	7	2021	125,000	325,000	42,416

## EMMA WALMSLEY

**Age:** 52  
**Gender:** F  
**Nationality:** United Kingdom

**Financial:** No  
**Risk:** No  
**Industry:** Pharmaceuticals, Biotechnology & Life Sciences -  
Pharmaceuticals, Household & Personal Products  
- Personal Products

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Emma Walmsley CEO, GlaxoSmithKline Emma Walmsley has been GSK CEO and a member of the board of directors since April 2017. Prior to this, Walmsley was the CEO of GSK Consumer Healthcare, a Joint Venture between GSK and Novartis, from its creation in 2015, and has been a member of GSK's Corporate Executive Team since 2011. She joined GSK in 2010, with responsibility for Consumer Healthcare, Europe. Prior to joining GSK, Walmsley worked with L'Oreal for 17 years where she held a variety of marketing and general management roles in Paris, London and New York. From 2007 she was based in Shanghai as General Manager, Consumer Products for L'Oreal China. Walmsley co-chairs the Consumer, Retail and Life Sciences Council, a business advisory group for the UK Government. She was a Non-Executive Director of Diageo plc in 2016. Walmsley holds an MA in Classics and Modern Languages from Oxford University. Walmsley was appointed Dame Commander of the British Empire for services to the pharmaceutical industry and business in 2020. Walmsley joined the Microsoft board as an independent director in December 2019.

DIAGEO PLC - Board Member Source Date: 08/05/2021

Emma Walmsley was appointed a Non-Executive Director of Diageo plc in January 2016.

Current external appointments: Chief Executive Officer - GSK Consumer Healthcare.

Previous relevant experience: President - GlaxoSmithKline Consumer Healthcare; Senior marketing and general management roles with L'Oreal.

GLAXOSMITHKLINE PLC - Executive, Board Member, CEO Source Date: 03/12/2021

Emma, prior to her appointment as GSK's CEO, was the CEO of GSK Consumer Healthcare, a Joint Venture between GSK and Novartis, from its creation in March 2015. Emma joined GSK in 2010 from L'Oreal, having worked for 17 years in a variety of roles in Paris, London, New York and Shanghai. Emma was previously a Non-Executive Director of Diageo plc. Emma holds an MA in Classics and Modern Languages from Oxford University. External appointments Independent director, Microsoft, Inc; Honorary Fellow, Royal Society of Chemistry

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
MICROSOFT CORPORATION	Board Member	2	Dec 04, 2019		Yes	Yes	
GLAXOSMITHKLINE PLC	Executive, Board Member, CEO	4	Jan 01, 2017		No	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
MICROSOFT CORPORATION	Pay	Member

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
GLAXOSMITHKLINE PLC	2021	99.4%	0.6%
MICROSOFT CORPORATION	2021	99.3%	0.7%

## EXECUTIVE PAY (all values USD)

Company	Role	Tenure	Pay Year	Total Annual Pay	Total Awarded Pay	Total Realized Pay	Shares Held
GLAXOSMITHKLINE PLC	CEO	4	2020	3,764,580	13,196,535	3,764,580	316,761



DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
MICROSOFT CORPORATION	Non-Executive	2	2021	125,000	338,422	5,283

HUGH JOHNSTON

Age:	60	Financial:	Yes
Gender:	M	Risk:	No
Nationality:	United States of America	Industry:	Food, Beverage & Tobacco - Beverages,Pharmaceuticals, Biotechnology & Life Sciences - Biotechnology

BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Hugh Johnston Vice Chairman and Chief Financial Officer, PepsiCo Hugh Johnston is vice chairman and chief financial officer of PepsiCo, a global food and beverage company that maintains a product portfolio of 22 brands. Johnston joined PepsiCo in 1987 and has served in a variety of senior leadership positions, including executive vice president of global operations, president of Pepsi-Cola North America, senior vice president of transformation, senior vice president and chief financial officer, and senior vice president of mergers and acquisitions. Johnston serves on the board of directors of HCA Healthcare and is active with a number of NGO and academic organizations. Johnston holds a bachelor of science from Syracuse University and an MBA from the University of Chicago. Johnston joined the Microsoft board as an independent director in September 2017.

Pepsico, Inc. - Executive, CFO Source Date: 03/24/2021

Hugh F. Johnston was appointed Vice Chairman, PepsiCo in 2015 and Executive Vice President and Chief Financial Officer, PepsiCo in 2010. In addition to providing strategic financial leadership for PepsiCo, Mr. Johnston’s portfolio has included a variety of responsibilities, including leadership of the Company’s information technology function since 2015, the Company’s global e-commerce business from 2015 to 2019, and the Quaker Foods North America division from 2014 to 2016. He has also held a number of leadership roles throughout his PepsiCo career, serving as Executive Vice President, Global Operations from 2009 to 2010, President of Pepsi-Cola North America from 2007 to 2009, Executive Vice President, Operations from 2006 to 2007, and Senior Vice President, Transformation from 2005 to 2006. Prior to that, he served as Senior Vice President and Chief Financial Officer of PepsiCo Beverages and Foods from 2002 through 2005, and as PepsiCo’s Senior Vice President of Mergers and Acquisitions in 2002. Mr. Johnston joined PepsiCo in 1987 as a Business Planner and held various finance positions until 1999 when he left to join Merck & Co., Inc. as Vice President, Retail, a position which he held until he rejoined PepsiCo in 2002. Prior to joining PepsiCo in 1987, Mr. Johnston was with General Electric Company in a variety of finance positions.

HCA HEALTHCARE, INC. - Board Member Source Date: 03/19/2021

Mr. Johnston is vice chairman and chief financial officer of PepsiCo, Inc.,. He joined PepsiCo in 1987 and has served in a variety of senior leadership positions. Mr. Johnston also serves as an independent director on the Microsoft Corp. board of directors.

Mr. Johnston holds a B.S. from Syracuse University and an M.B.A. from the University of Chicago.

TWITTER, INC. - Board Member Source Date: 04/13/2021

HUGH JOHNSTON

Vice Chairman and Chief Financial Officer of PepsiCo, Inc.

Director since 2016

Age 55

Committees: Audit Committee (Chair)

Hugh Johnston has served as a member of our board of directors since April 2016. Mr. Johnston has been Vice Chairman and Chief Financial Officer of PepsiCo, Inc., a global food and beverage company, since July 2015 and March 2010, respectively. Mr. Johnston served as Executive Vice President at PepsiCo from March 2010 to July 2015. He joined PepsiCo in 1987 and has held a number of increasing leadership roles, including Executive Vice President, Global Operations from 2009 to 2010 and President, Pepsi-Cola North America Beverages from 2007 to 2009. Mr. Johnston left PepsiCo, Inc. from August 1999 through March 2002 to pursue a general management role as Vice President, Retail at Merck Medco, leading the company’s retail pharmacy card business. Mr. Johnston served on the board of directors of AOL Inc., a global media technology company, from September 2012 to June 2015. Mr. Johnston holds a B.S. from Syracuse University and an M.B.A. from the University of Chicago.

Skills and Expertise:

Global business leadership and extensive financial and management expertise as Vice Chairman and Chief Financial Officer of PepsiCo, Inc.

Financial expertise and significant audit and financial reporting knowledge.

Outside board experience as a director of AOL Inc.

Other Public Company Board Service: AOL, Inc., a multinational mass media company (September 2012 – June 2015)

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
HCA HEALTHCARE, INC.	Board Member		Sep 01, 2021		Yes	Yes	
MICROSOFT CORPORATION	Board Member	4	Sep 19, 2017		Yes	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
HCA HEALTHCARE, INC.	Audit	Member
MICROSOFT CORPORATION	Audit	Chair

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	97.5%	2.5%

## EXECUTIVE PAY (all values USD)

Company	Role	Tenure	Pay Year	Total Annual Pay	Total Awarded Pay	Total Realized Pay	Shares Held
Pepsico, Inc.	CFO		2020	7,760,088	12,380,088	11,018,384	153,456

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
MICROSOFT CORPORATION	Non-Executive	4	2021	170,000	375,000	5,848

JOHN STANTON

Age:	66	Financial:	No
Gender:	M	Risk:	No
Nationality:	United States of America	Industry:	Telecommunication Services - Wireless Telecommunication Services,Technology Hardware & Equipment - Communications Equipment

BIOGRAPHICAL INFORMATION

COLUMBIA SPORTSWEAR COMPANY - Source Date: 04/21/2016

John W. Stanton (age 60) has served on the Board of Directors since 1997. Mr. Stanton is currently engaged in private investment activities, including Trilogy Equity Partners, which invests in wireless-related companies, and Trilogy International Partners, which operates wireless systems internationally, and Trilogy Search Partners. Mr. Stanton served as Chairman and Chief Executive Officer of Western Wireless Corporation and its predecessor companies from 1992 until shortly after its acquisition by ALLTEL Corporation in 2005. From 1994 to 2002, Mr. Stanton also served as Chairman and Chief Executive Officer of VoiceStream Wireless Corporation. Mr. Stanton served as acting Chief Executive Officer of Clearwire Corporation (Nasdaq: CLWR) during 2011 and as Chairman of the board of directors from 2011 until Clearwire's acquisition by Sprint Nextel Corporation in July 2013. Mr. Stanton previously served on the board of directors of Hutchison Telecommunications International Limited and the board of directors of Thrive by Five and as a trustee for Whitman College. Mr. Stanton currently serves as Chairman of Year Up of Puget Sound, and serves on the boards of Microsoft Corporation (Nasdaq: MSFT), Costco (Nasdaq: COST), the Seattle Foundation and Aven Foundation. Mr. Stanton's executive and entrepreneurial experiences provide Columbia with insights into global operations, strategic planning, mergers and acquisitions and financial matters.

Costco Wholesale Corporation, Source Date: 12/18/2015

John W. Stanton has been a director of the Company since October 29, 2015. He is the Chairman of Trilogy International Partners, Inc., which operates wireless systems internationally, and Trilogy Equity Partners, which invests in wireless-related companies. Mr. Stanton founded and served as Chairman and Chief Executive Officer of Western Wireless Corporation, a wireless telecommunications company, from 1992 until shortly after its acquisition by ALLTEL Corporation in 2005. He was Chairman and a director of T-Mobile USA, formerly VoiceStream Wireless Corporation, a mobile telecommunications company, from 1994 to 2004, and was Chief Executive Officer from 1998 to 2003. Mr. Stanton was a director of Clearwire Corp. from 2008 to 2013, Chairman between 2011 and 2013, and interim Chief Executive Officer during 2011. He is currently a director of Microsoft Corporation, and Columbia Sportswear Company. Mr. Stanton's qualifications to serve on the Board include his extensive background as a chief executive officer and director of public and private companies and his insights into global operations, strategic planning and financial matters.

Microsoft Corporation, Source Date: 10/19/2015

Mr. Stanton founded Trilogy International Partners, Inc., a wireless operator in Central and South America and New Zealand, and Trilogy Equity Partners, a private equity fund that invests in early-stage growth opportunities in the wireless ecosystem in 2005, and currently serves as Chairman of both enterprises. He was a director of Clearwire Corp. from 2008 to 2013 and Chairman between 2011 to 2013. He also served as Clearwire's Interim Chief Executive Officer during 2011. Mr. Stanton founded and served as Chairman and Chief Executive Officer of Western Wireless Corporation, a wireless telecommunications company, from 1992 until shortly after its acquisition by ALLTEL Corporation in 2005. Mr. Stanton was Chairman and a director of T-Mobile USA, formerly VoiceStream Wireless Corporation, a mobile telecommunications company, from 1994 to 2004 and was Chief Executive Officer from 1998 to 2003.

Qualifications

Mr. Stanton is a recognized pioneer in the wireless telecommunications industry. His leadership of four of the top wireless operators in the United States over the past three decades positions him to contribute significantly to the development of our mobile-first and cloud-first strategies. His experience developing and operating wireless networks in established and developing markets worldwide will assist our efforts to grow our worldwide mobile devices and services footprint as we integrate the Nokia acquisition. Mr. Stanton's extensive background as a chief executive officer and director of public and private companies will lend valuable perspective and judgment to the Board's deliberations. His record of accomplishment in multiple business endeavors demonstrates his acumen across the spectrum of strategic planning and financial matters.

Microsoft Committees

- Compensation (Chair)
- Regulatory and Public Policy

Other Public Company Directorships

- Columbia Sportswear Company

Former Public Company Directorships Held in the Past Five Years

- Clearwire Corp.

Columbia Sportswear Company, Source Date: 4/8/2015

John W. Stanton (age 58) has served on the Board of Directors since 1997. Mr. Stanton is currently engaged in private investment activities, including Trilogy Equity Partners, which invests in wireless-related companies, and Trilogy International Partners, which operates wireless systems internationally. Mr. Stanton served as Chairman and Chief Executive Officer of Western Wireless Corporation and its predecessor companies from 1992 until shortly after its acquisition by ALLTEL Corporation in 2005. From 1994 to 2002, Mr. Stanton also served as Chairman and Chief Executive Officer of VoiceStream Wireless Corporation. Mr. Stanton served as acting Chief Executive Officer of Clearwire Corporation (Nasdaq: CLWR) during 2011 and as Chairman of the Board of Directors from 2011 until Clearwire's acquisition by Sprint Nextel Corporation in July 2013. Mr. Stanton previously served on the Board of Directors of Hutchison Telecommunications International Limited and the Board of Directors of Thrive by Five. Mr. Stanton currently serves as a Trustee for Whitman College, Chairman of Year Up of Puget Sound, and serves on the boards of Seattle Foundation and Aven Foundation. Mr. Stanton's executive and entrepreneurial experiences provide Columbia with insights into global operations, strategic planning, mergers and acquisitions and financial matters.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
TRILOGY INTERNATIONAL PARTNERS LLC	Board Member, Chairman	4	Feb 07, 2017		No	No	
COSTCO WHOLESALE CORPORATION	Board Member	6	Oct 29, 2015		Yes	Yes	
MICROSOFT CORPORATION	Board Member	7	Jul 30, 2014		Yes	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
COSTCO WHOLESALE CORPORATION	Pay	Chair
MICROSOFT CORPORATION	Audit	Member
TRILOGY INTERNATIONAL PARTNERS LLC	Pay	Member
TRILOGY INTERNATIONAL PARTNERS LLC	Corporate Governance	Member
TRILOGY INTERNATIONAL PARTNERS LLC	Nomination	Member

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	99.6%	0.4%
TRILOGY INTERNATIONAL PARTNERS LLC	2021	99.2%	0.8%

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
COSTCO WHOLESALE CORPORATION	Non-Executive	6	2020	38,000	302,960	21,833
MICROSOFT CORPORATION	Non-Executive	7	2021	140,000	355,000	83,147

## JOHN THOMPSON

Age: 72  
 Gender: M  
 Nationality: United States of America

Financial: Yes  
 Risk: No  
 Industry: Software & Services - Software, Diversified  
 Financials - Capital Markets

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member, Lead Director Source Date: 10/14/2021

John W. Thompson Lead Independent Director John W. Thompson joined the Microsoft board in February 2012, and is the lead independent director. Thompson brings over 40 years of experience in the technology industry. Most recently, he served as chief executive officer and director of Virtual Instruments. Before this, he was the chairman and chief executive officer of Symantec for 10 years, during which time he helped transform the company into a leader in security, storage and systems management solutions. Thompson also held several leadership positions during his 28 years at IBM in the areas of sales, marketing and software development, and he also served as general manager of IBM Americas. In 2018, he became a partner at Lightspeed Venture Partners. Thompson serves on the board of directors for Illumina. He is an active investor and advisor in early-stage technology companies in the Silicon Valley. Thompson holds a bachelor's degree in business administration from Florida A&M University, and a master's degree in management science from MIT's Sloan School of Management. In 2008, he received an honorary doctorate degree from the University of Notre Dame, Mendoza College of Business, and in 2014 he received an honorary doctorate degree from Florida A&M University.

ILLUMINA, INC. - Board Member, Chairman, Lead Director Source Date: 04/16/2021

John W. Thompson Career Highlights; Venture Partner, Lightspeed Ventures (since 2018); Independent Board Chair of Microsoft Corporation (since 2014); Chief Executive Officer of Virtual Instruments from 2010 until it merged with Load Dynamix (2010 – 2016); Chairman & Chief Executive Officer of Symantec (1999 – 2009); Held leadership positions in sales, marketing, and software development at IBM, including General Manager of IBM Americas (1971 – 1999) In selecting Mr. Thompson as a nominee for election to the Board of Directors, the Board considered, among other things, Mr. Thompson extensive technology leadership experience, including as a CEO at Symantec and Virtual Instruments, and Chairman of the Board at Microsoft. In addition, he has served on a wide range of company boards, both public and private. The Board believes his depth and breadth of knowledge in technology, other private sector industries, and the public sector greatly contribute to the Board's strategic leadership of the Company. Mr. Thompson is an audit committee financial expert under applicable SEC rules. In addition, Mr. Thompson will become the Chairman of the Board of Directors immediately before this year's Annual Meeting, on May 26, 2021.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
ILLUMINA, INC.	Board Member, Chairman, Lead Director	4	May 03, 2017		Yes	Yes	
MICROSOFT CORPORATION	Board Member, Lead Director	9	Feb 17, 2012		Yes	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
ILLUMINA, INC.	Audit	Member
MICROSOFT CORPORATION	Corporate Governance	Chair
MICROSOFT CORPORATION	Nomination	Chair

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
ILLUMINA, INC.	2021	99.4%	0.6%
MICROSOFT CORPORATION	2021	91.3%	8.7%

DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
ILLUMINA, INC.	Chair,Lead Director	4	2020	112,500	462,859	8,049
MICROSOFT CORPORATION	Lead Director	9	2021	125,000	500,000	94,387

## PADMASREE WARRIOR

Age: 60  
Gender: F  
Nationality: India

Financial: No  
Risk: No  
Industry: Software & Services - Software, Automobiles & Components - Automobiles

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Padmasree Warrior Founder, President and CEO, Fable Group Inc. Padmasree Warrior is the founder, president and CEO and of Fable Group Inc. The vision for Fable is to bring the world of stories to everyone. Fable's mission is to deliver the world's best social experiences with exceptional stories in service of mental wellness. Previously, Warrior served as chief development officer of NIO Inc. and CEO of NIO USA Inc. through 2018. From 2008 to 2012, Warrior was chief technology officer and co-led the engineering organization at Cisco Systems. She later served as chief technology and strategy officer for Cisco, and then as a strategic advisor until 2015. Before Cisco, Warrior served in various executive roles at Motorola Inc., a mobile device and telecommunications company, most recently as executive vice president and chief technology officer from 2003 to 2007. Warrior serves on the board of directors for Spotify Technology S.A. Warrior holds a B.S. in chemical engineering from the Indian Institute of Technology in New Delhi and an M.S. in chemical engineering from Cornell University. Warrior joined the Microsoft board as an independent director in December 2015.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
MICROSOFT CORPORATION	Board Member	6	Dec 02, 2015		Yes	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
MICROSOFT CORPORATION	Pay	Member

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	99.4%	0.7%

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
MICROSOFT CORPORATION	Non-Executive	6	2021	125,000	325,000	15,820



## PENNY PRITZKER

Age: 62  
 Gender: F  
 Nationality: United States of America

Financial: Yes  
 Risk: No  
 Industry: Diversified Financials - Capital Markets

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Penny Pritzker Founder and Chairman, PSP Partners Penny Pritzker is an entrepreneur, civic leader and philanthropist with more than 30 years of experience as a business builder and entrepreneur in numerous industries. Pritzker is the founder and chairman of PSP Partners and its affiliates Pritzker Realty Group, PSP Capital and PSP Growth. From June 2013 through January 2017, she served as U.S. Secretary of Commerce. Pritzker was a core member of President Obama's economic team and served as the country's chief commercial advocate, leading the administration's trade and investment promotion efforts. During her tenure, she developed the agency's first comprehensive digital and data agenda, chaired the Presidential Ambassadors for Global Entrepreneurship (PAGE) program, and served as the administration's point person on manufacturing. Pritzker and her husband, Dr. Bryan Traubert, co-founded the Pritzker Traubert Foundation, a private philanthropic foundation that works to foster increased economic opportunity for Chicago's families. Pritzker earned a bachelor of arts in economics from Harvard University and a juris doctor and an MBA from Stanford University. Pritzker joined the Microsoft board as an independent director in November 2017.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
MICROSOFT CORPORATION	Board Member	4	Nov 29, 2017		Yes	Yes	

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	99.5%	0.5%

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
MICROSOFT CORPORATION	Non-Executive	4	2021	140,000	340,000	20,716

## REID HOFFMAN

**Age:** 54  
**Gender:** M  
**Nationality:** United States of America

**Financial:** Yes  
**Risk:** No  
**Industry:** Software & Services - Internet Software & Services, Diversified Financials - Capital Markets

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Reid Hoffman General Partner, Greylock Partners Reid Hoffman is an accomplished entrepreneur, executive and investor, and has played an integral role in building many of today's leading consumer technology businesses. In 2003 Hoffman co-founded LinkedIn, the world's largest professional networking service. In 2009 Hoffman joined Greylock Partners, where he focuses on building products that can reach hundreds of millions of participants and businesses that have network effects. In 2019 Hoffman joined Reinvent Capital and serves as Advisory Partner. Hoffman serves on the board of directors for Joby Aviation. He also serves on the boards of several private companies and non-for-profits. Hoffman holds a master's degree in philosophy from Oxford University, where he was a Marshall Scholar, and a bachelor's degree with distinction in symbolic systems from Stanford University. Hoffman joined the Microsoft board as an independent director in March 2017.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
MICROSOFT CORPORATION	Board Member	4	Mar 14, 2017		Yes	Yes	

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	99.3%	0.7%

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
MICROSOFT CORPORATION	Non-Executive	4	2021	125,000	325,000	15,905

## SANDRA PETERSON

Age: 62  
 Gender: F  
 Nationality: United States of America

Financial: Yes  
 Risk: No  
 Industry: Diversified Financials - Capital Markets, Materials - Chemicals

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Sandra E. Peterson Operating Partner, Clayton, Dubilier & Rice Sandra (Sandi) E. Peterson is an operating partner at Clayton, Dubilier & Rice, a private investment firm. She works closely with the firm's investment team and corporate leaders to source and evaluate transactions as well as support portfolio company management teams as they execute their value creation plans. Previously, Peterson served as group worldwide chairman for Johnson & Johnson, where her portfolio included medical devices, consumer, global operating infrastructure, technology, supply chain and key strategic initiatives. Peterson had an extensive global career in healthcare, life sciences, consumer goods and consulting. From 2005 through 2012 she was chairman and CEO of Bayer CropScience AG in Germany and CEO of Bayer Medical Devices. Prior to that she worked for Medco Health Solutions Inc., formerly Merck-Medco, from 1999 to 2004. Peterson serves on the board of directors for Covetrus and Zymogen. Peterson holds a B.A. from Cornell University and an M.P.A. from Princeton University. Peterson joined the Microsoft board as an independent director in December 2015.

JOHNSON &amp; JOHNSON - Inactive Source Date: 03/10/2021

Ms. Peterson retired on October 1, 2018. According to the award agreements:

Covetrus Inc - Board Member Source Date: 04/01/2021

Sandra Peterson became a Director in June 2020. She has had a long and successful career of driving growth, operational improvement and innovation across global healthcare and consumer businesses. This includes executive roles at Johnson & Johnson, where she was group worldwide chairman, led the consumer and medical devices businesses and was responsible for the corporation's global supply chain, technology strategy and infrastructure, and at Bayer, where she held numerous positions including the CEO of Bayer CropScience AG, CEO of Bayer Medical Care and president of Bayer HealthCare AG's Diabetes Care Division. She started her career at McKinsey and has held executive positions at Medco Health Solutions, Nabisco, and Whirlpool. Currently, she is an operating partner at CD&R, a leading private investment firm, is a member of the Microsoft Board of Directors and is on the board of trustees of the Institute for Advanced Study and the American Academy in Berlin. She has appeared on Fortune magazine's list of most powerful women numerous times and was featured on the magazine's inaugural list of leaders changing healthcare. Ms. Peterson holds an M.P.A. in applied economics from Princeton University and a B.A. in government from Cornell University. Ms. Peterson's operational leadership and extensive public board experience led to the conclusion that she should serve as a member of the Covetrus Board.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
Covetrus Inc	Board Member	1	Jun 10, 2020		Yes	Yes	
MICROSOFT CORPORATION	Board Member	6	Dec 02, 2015		Yes	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
Covetrus Inc	Pay	Member
MICROSOFT CORPORATION	Pay	Chair
MICROSOFT CORPORATION	Corporate Governance	Member
MICROSOFT CORPORATION	Nomination	Member

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
Covetrus Inc	2021	99.4%	0.6%
MICROSOFT CORPORATION	2021	98.8%	1.2%

DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
Covetrus Inc	Non-Executive	1	2020	18,132	243,132	0
MICROSOFT CORPORATION	Non-Executive	6	2021	140,000	355,000	25,153

## SATYA NADELLA

Age: 54  
Gender: M  
Nationality: India

Financial: No  
Risk: No  
Industry: Software & Services - Software

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Executive, Board Member, Chairman, CEO Source Date: 10/14/2021

Satya Nadella Chairman and Chief Executive Officer Satya Nadella is Chairman and Chief Executive Officer of Microsoft. Before being named CEO in February 2014, Nadella held leadership roles in both enterprise and consumer businesses across the company. Joining Microsoft in 1992, he quickly became known as a leader who could span a breadth of technologies and businesses to transform some of Microsoft's biggest product offerings. Most recently, Nadella was executive vice president of Microsoft's Cloud and Enterprise group. In this role he led the transformation to the cloud infrastructure and services business, which outperformed the market and took share from competition. Previously, Nadella led R&D for the Online Services Division and was vice president of the Microsoft Business Division. Before joining Microsoft, Nadella was a member of the technology staff at Sun Microsystems. Originally from Hyderabad, India, Nadella lives in Bellevue, Washington. He earned a bachelor's degree in electrical engineering from Mangalore University, a master's degree in computer science from the University of Wisconsin – Milwaukee and a master's degree in business administration from the University of Chicago. Nadella serves on the board of trustees to Fred Hutchinson Cancer Research Center and his alma mater the University of Chicago, as well as the Starbucks board of directors. He is married and has three children.

STARBUCKS CORPORATION - Board Member Source Date: 01/22/2021

Satya Nadella Independent Director Since: 2017 Committees: CMDC Satya Nadella has been a director since March 2017. Mr. Nadella has served as Chief Executive Officer and a member of the Board of Directors of Microsoft Corporation, a global technology provider, since February 2014. He has held various leadership positions at Microsoft since joining Microsoft in 1992, and most recently, Mr. Nadella was executive vice president of Microsoft's Cloud and Enterprise group. In this role, he led the transformation to the cloud infrastructure and services business. Previously, Nadella led R&D for the Online Services Division and was vice president of the Microsoft Business Division. Before joining Microsoft, Nadella was a member of the technology staff at Sun Microsystems. Mr. Nadella currently serves on the Board of Trustees of Fred Hutchinson Cancer Research Center and the University of Chicago Board of Trustees. DIRECTOR QUALIFICATIONS Mr. Nadella brings to the board of directors global business leadership experience, extensive experience in the technology industry and an understanding of how technology will be used and experienced around the world, in addition to deep expertise in allocating capital and optimizing productivity. He also provides the board with invaluable insights as Starbucks continues its focus on innovative ways to use technology to elevate its brand and grow its business. His experience in leading a multinational, complex enterprise, aligning teams and motivating employees, developing human capital and talent, fostering a robust culture and his strategic and operational expertise have facilitated important contributions to board discussions and oversight. Mr. Nadella also brings insight and knowledge in international operations and distribution gained from his service as CEO and other senior leadership positions at one of the world's largest public technology companies.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
STARBUCKS CORPORATION	Board Member	4	Mar 22, 2017		No	Yes	
MICROSOFT CORPORATION	Executive, Board Member, Chairman, CEO	7	Feb 04, 2014		No	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
STARBUCKS CORPORATION	Corporate Governance	Member
STARBUCKS CORPORATION	Nomination	Member

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
MICROSOFT CORPORATION	2021	94.2%	5.8%
STARBUCKS CORPORATION	2021	96.1%	3.9%

EXECUTIVE PAY (all values USD)

Company	Role	Tenure	Pay Year	Total Annual Pay	Total Awarded Pay	Total Realized Pay	Shares Held
MICROSOFT CORPORATION	CEO,Chair	7	2021	16,822,250	49,858,280	309,368,186	1,673,037

DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
STARBUCKS CORPORATION	Non-Executive	4	2020	0	294,944	14,041

## TERI LIST-STOLL

Age:	58	Financial:	Yes
Gender:	F	Risk:	No
Nationality:	United States of America	Industry:	Retailing - Specialty Retail, Food, Beverage & Tobacco - Food Products

## BIOGRAPHICAL INFORMATION

MICROSOFT CORPORATION - Board Member Source Date: 10/14/2021

Teri List Former Executive Vice President and Chief Financial Officer, Gap Inc. Teri List served as executive vice president and chief financial officer at Gap, Inc., where she oversaw the finance, real estate and information technology organizations, as well as interim oversight of supply chain. List also served as the executive vice president and chief financial officer of Dick's Sporting Goods Inc., where she oversaw the finance and legal organization. Before this, she served as executive vice president and chief financial officer at Kraft Foods Group. As CFO of Kraft, she led the finance, information services and business process excellence organizations. From 1994 to 2013, List was with Procter & Gamble, progressing to senior vice president and treasurer. Before this she spent over nine years at Deloitte & Touche LLP, where she provided financial counsel to large multinational companies. During this time, she also participated in a two-year fellowship with the Financial Accounting Standards Board (FASB). List serves on the board of directors of Danaher Corp., DoubleVerify Holdings and Oscar Health. List holds a bachelor's degree in accounting from Northern Michigan University and is a certified public accountant. List joined the Microsoft board as an independent director in October 2014.

DANAHER CORPORATION - Board Member Source Date: 03/25/2021

Teri List-Stoll served as Executive Vice President and Chief Financial Officer of Gap Inc., a global clothing retailer, from January 2017 until March 2020. Prior to joining Gap, she served as Executive Vice President and Chief Financial Officer of Dick's Sporting Goods, Inc., a sporting goods retailer, from August 2015 to August 2016, and with Kraft Foods Group, Inc., a food and beverage company, as Advisor from March 2015 to May 2015, as Executive Vice President and Chief Financial Officer from December 2013 to February 2015 and as Senior Vice President of Finance from September 2013 to December 2013. From 1994 to September 2013, Ms. List-Stoll served in a series of progressively more responsible positions in the accounting and finance organization of The Procter & Gamble Company, a consumer goods company, most recently as Senior Vice President and Treasurer. Prior to joining Procter & Gamble, Ms. List-Stoll was employed by the accounting firm of Deloitte & Touche for almost ten years. Ms. List-Stoll is a member of the board of directors of Microsoft Corporation. Ms. List-Stoll's experience dealing with complex finance and accounting matters for Gap, Dick's, Kraft and Procter & Gamble have given her an appreciation for and understanding of the similarly complex finance and accounting matters that Danaher faces. In addition, through her leadership roles with large, global companies she has insight into the business practices that are critical to the success of a large, growing public company such as Danaher

DICK'S SPORTING GOODS, INC. - Executive Source Date: 04/28/2021

Teri L. List-Stoll CPA

Ms. Teri L. List-Stoll, CPA, has been Chief Financial Officer and Executive Vice President at Dick's Sporting Goods Inc. since August 01, 2015. Ms. List-Stoll oversees the Finance and Legal organizations. Ms. List-Stoll has 30 years of experience. She served as Senior Advisor of Kraft Foods Group, Inc. since February 2015 to May 2015. She served as the Chief Financial Officer and Executive Vice President at Kraft Foods Group, Inc. from December 29, 2013 to February 17, 2015 and was responsible for leading Kraft's financial operations, including Accounting and Reporting, Financial Planning & Analysis, Treasury, Tax, Audit, Investor Relations and Acquisitions & Divestitures. She served as Principal Accounting Officer of Kraft Foods Group, Inc. until January 13, 2014. She served as Senior Vice President of Finance at Kraft Foods Group, Inc. from September 3, 2013 to December 29, 2013. Ms. List-Stoll has a wealth of consumer packaged goods experience, having worked for nearly 20 years at Procter & Gamble (P&G). She served as Senior Vice President and Treasurer of The Procter & Gamble Company since December 2008. Ms. List-Stoll served at Procter & Gamble as Director of Corporate Accounting since 1994; Category Finance Manager of Juice Products since 1997; Director of Corporate Finance 1998; Vice President of Corporate Accounting since 1999; Vice President of Finance of Global Fabric Care since 2004; Vice President of Finance of Global Household Care since 2005; and Vice President of Finance of Global Operations since 2007. She joined Procter & Gamble on April 1, 1994. Prior to joining P&G, List-Stoll was a fellow with the Financial Accounting Standards Board and spent six years at Deloitte & Touche, providing financial counsel to large multinational companies. She has been a Director of Microsoft Corporation since October 01, 2014. She has been an Independent Director of Danaher Corp. since September 2011. She served as Chair of Financial Reporting Committee at Institute Of Management Accountants. She serves as a Trustee of the Financial Accounting Foundation. Her local and national activities include Financial Executives Institute, American Institute of Certified Public Accountants, Michigan Association of Certified Public Accountants, Advisory Council, Northern Michigan University School of Business Cincinnati Museum Center Investment Committee United Way Women's Leadership Counsel Impact Team. Ms. List-Stoll holds a B.A. in Business Administration from Northern Michigan University in 1984. She is a Certified Public Accountant. (Source: bloomberg: www.bloomberg.com/research/stocks/people/person.asp?personId=51884055&ivcapId=33328)

THE GAP, INC. - Executive Source Date: 03/30/2021

Teri List-Stoll, Executive Vice President and Chief Financial Officer from January 2017 to March 23, 2020; Executive Vice President and Chief Financial Officer, Dick's Sporting Goods, Inc. from August 2015 to September 2016; Executive Vice President and Chief Financial Officer, Kraft Foods Group, Inc. from September 2013 to May 2015; and Senior Vice President and Treasurer, Procter & Gamble Co. from 2008 to August 2013.

OSCAR HEALTH, INC. - Board Member Source Date: 02/05/2021

Teri List-Stoll has served as a member of our board of directors since February 2021. Ms. List-Stoll served as Executive Vice President and Chief Financial Officer of The Gap, Inc., or Gap, a global apparel retailer, from January 2017 to March 2020. Prior to joining Gap, Ms. List-Stoll served as Executive Vice President and Chief Financial Officer of Dick's Sporting Goods, Inc., a sporting goods retailer, from August 2015 to August 2016, and with Kraft Foods Group, Inc., a food and beverage company, as Advisor from March 2015 to May 2015, as Executive Vice President and Chief Financial Officer from December 2013 to February 2015, and as Senior Vice President of Finance from September 2013 to December 2013. From 1994 to September 2013, Ms. List-Stoll served in various positions of increasing authority at Procter & Gamble Co., a consumer goods company, most recently as Senior Vice President and Treasurer from January 2009 to September 2013. Prior to joining Procter & Gamble Co., Ms. List-Stoll was employed by the accounting firm of Deloitte & Touche LLP for almost ten years. Ms. List-Stoll has served as a member of the board of directors of Microsoft Corporation, a technology company, since October 2014, and Danaher Corporation, a science and technology company, since September 2011. Ms. List-Stoll holds a Bachelor of Arts degree, majoring in Business Administration, from Northern Michigan University and is a Certified Public Accountant. We believe Ms. List-Stoll's leadership experience and experience dealing with complex finance and accounting matters for large, global corporations, make her particularly qualified to serve as a member of our board of directors.

## CORPORATE BOARDS

Company	Role	Tenure	Appointed	Resigned	Independent of Management	Independent of Other Interests	Attendance
OSCAR HEALTH, INC.	Board Member		Feb 05, 2021		Yes	Yes	
MICROSOFT CORPORATION	Board Member	7	Oct 01, 2014		Yes	Yes	
DANAHER CORPORATION	Board Member	10	Sep 13, 2011		Yes	Yes	

## BOARD COMMITTEES

Company	Committee Type	Position
DANAHER CORPORATION	Audit	Member
DANAHER CORPORATION	Pay	Member
DANAHER CORPORATION	Risk	Member
MICROSOFT CORPORATION	Audit	Member
MICROSOFT CORPORATION	Corporate Governance	Member
MICROSOFT CORPORATION	Nomination	Member
OSCAR HEALTH, INC.	Audit	Chair
OSCAR HEALTH, INC.	Risk	Chair

## VOTING RESULTS

Company	Year	For %	Against, Withheld and / or Abstained %
DANAHER CORPORATION	2021	78.3%	21.7%
MICROSOFT CORPORATION	2021	98.8%	1.2%

## EXECUTIVE PAY (all values USD)

Company	Role	Tenure	Pay Year	Total Annual Pay	Total Awarded Pay	Total Realized Pay	Shares Held
THE GAP, INC.	Executive		2020	1,199,391	1,987,764	2,464,255	65,316

## DIRECTOR PAY (all values USD)

Company	Role	Tenure	Pay Year	Cash Fees	Total Awarded Pay	Shares Held
DANAHER CORPORATION	Non-Executive	10	2020	0	310,582	6,189
MICROSOFT CORPORATION	Non-Executive	7	2021	140,000	355,000	25,026



# GLOSSARY

## MSCI ESG RATINGS AND SCORES

### FINAL ESG RATING

- Letter ratings are relative within each MSCI ESG Ratings industry. Each Final Industry-Adjusted Company Score is converted to an equivalent rating on the AAA-CCC scale.

### ESG PILLARS

- the **Environment Score** represents the weighted average of all Key Issues that fall under the Environment Pillar
- the **Social Score** represents the weighted average of all Key Issues that fall under the Social Pillar
- the **Governance Score** represents the sum of score deductions derived from Key Metrics included in Corporate Governance (including Board, Pay, Ownership & Control, and Accounting) and Corporate Behavior (including Business Ethics and Tax Transparency)
- the **Environment Weight** represents the sum of the weights of all Key Issues that fall under the Environment Pillar
- the **Social Weight** represents the sum of the weights of all Key Issues that fall under the Social Pillar
- the **Governance Weight** represents the sum of the weights of Corporate Governance and Corporate Behavior, with a minimum weight set at 33% for all rated issuers

### KEY ISSUES

For each industry and Company-Specific Key Issue that contributes to the final rating:

- Weight** contribution to the final rating
- Exposure Score** (available for companies published since June 2011; excluding Raw Material Sourcing – Environmental)
- Management Score** (available for companies published since June 2011; excluding Raw Material Sourcing – Environmental)
- Overall **Key Issue Score**

### WEIGHTED-AVERAGE KEY ISSUE SCORE VS. INDUSTRY RELATIVE SCORE

- the **Weighted-Average Key Issue Score** is dynamic, reflecting changes in any underlying scores as of the Last Update date, while the **Industry Relative Score** is more static and corresponds to the Rating Date. Issues that we determine do not present material risks or opportunities to companies in a given industry receive 0% weight and do not impact the overall ESG rating.

## SCORES AND CALCULATION OF AVERAGE, PERCENTILE AND RATING DISTRIBUTION

All averages, percentiles, and rating distributions found in the report are based on companies in the relevant MSCI ESG Ratings Industry that are constituents of the MSCI ACWI and are calculated based on industry scores as of the date of publication of this report.

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Carbon estimates are based on carbon intensity (carbon emissions/sales). The Estimate Key represents the source of the estimated carbon emissions data. E.CSI represents Company-Specific Intensity estimates based on previously disclosed data. E.GICSSI represents estimates based on the GICS Sub-Industry average. For E.GICSSI we set five levels of confidence (High, Moderately High, Moderate, Moderately Low, and Low). The Carbon Estimation Methodology document, available on ESG Manager, describes the estimation model in greater detail.

GOVERNMENT SUPPORT RATING

We calculate the 'government support rating' for Supranationals and Development Banks based on the weighted average of member countries' Governance scores using the MSCI ESG Government Ratings methodology. These scores are based on measures of political governance (strength of institutions, corruption control, civil liberties, and human rights) and financial accountability.

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