

Microsoft 2023 Norwegian Transparency Act Statement

This Statement describes actions taken by Microsoft Corporation (“Microsoft”) during Calendar Year 2022 with respect to the disclosures required under the Norwegian Transparency Act (“the Act”), and represents the latest data available after the Act came into effect. Starting next reporting cycle, Microsoft will provide fiscal year data (July 2022 – June 2023). The Act applies to Microsoft’s operations due to the monetary value of Microsoft’s activities in Norway and Microsoft’s tax status in the country, specifically Microsoft Norge AS, Microsoft Datacenter Norway AS and Microsoft Development Center Norway AS. Our global programs described in this statement cover Microsoft Norway’s in-scope entities.

As is further described below, Microsoft’s approach to the protection of fundamental rights aligns with the principles of the Organization for Economic Co-operation and Development ([OECD Due Diligence Guidance for Responsible Business Conduct](#) (“OECD Guidelines”) and the United Nations ([UN Guiding Principles on Business and Human Rights](#) (“UNGP”)), principles that were instrumental in forming the Act. This report also outlines additional work undertaken by Microsoft to develop and implement commitments and strategies in advancing the goals of protecting fundamental rights and the environment.

Microsoft’s Approach

About Microsoft

Microsoft is a publicly traded (NASDAQ: MSFT) technology company whose mission is to empower every person and every organization on the planet to achieve more. We strive to create growth and positive impact worldwide. Our platforms and tools are designed to drive productivity for small and large businesses, increase public-sector efficiency and enable human ingenuity. As we continue to evolve, we are leading in the new era of Artificial Intelligence and cloud computing, furthering our mission of empowerment.

As outlined in our [2022 Impact Summary Report](#), Microsoft’s commitment and responsibility extends beyond the development of products and technology. Microsoft succeeds only when we help the world around us succeed. That is why we are steadfast in our commitments to support inclusive economic growth, protect fundamental rights, create a sustainable future, and earn trust.

Corporate & procurement structure

At Microsoft, we are committed to upholding human rights, promoting health and safety, protecting the environment, and conducting our business ethically both within our own operations and across our supply chains. We believe that everyone working in our supply chains has the right to exercise their internationally recognized and fundamental human rights.

As a global technology company, we utilize supply chains that span multiple countries and involve multiple tiers of suppliers. We worked with over 50,000 suppliers across the world and sourced goods and services from direct suppliers in 107 countries across 121 commodity types. Upholding our commitments to human rights requires a combination of centralized and business-unit specific functions, with business units at various stages of implementation based on their maturity and scope within Microsoft’s supply chain.

Microsoft's supply chains include the following teams (collectively referred to as "Supply Chain Teams"), which may supply goods and services for sale in Norway by our listed Norwegian entities:

- **Microsoft Procurement**, which maintains relationships with suppliers providing goods and services to Microsoft business units and corporate operations, including those suppliers that operate Microsoft's owned buildings and transportation fleet;
- **Devices**, which maintains relationships with suppliers manufacturing our devices, and related packaging materials, or components;
- **Capacity, Supply Chain, and Provisioning ("CSCP")**, which maintains relationships with suppliers manufacturing hardware components and equipment that go into Microsoft's data center servers supporting Microsoft's global cloud infrastructure;
- **Cloud Operations and Innovation ("CO+I")**, which maintains relationships with suppliers supporting our datacenter land acquisitions, construction and operations; and
- **LinkedIn**, which maintains relationships with suppliers supporting LinkedIn goods and services sold by covered Norwegian sales entity.

Risk Management Oversight and Management Responsibility

As part of Microsoft's ongoing commitment to supply chain corporate social responsibility, Microsoft recently established the Supply Chain Integrity ("SCI") Team. SCI exists within the Corporate, External, and Legal Affairs ("CELA") Technology & Corporate Responsibility ("TCR") organization and is accountable for the company's overarching strategy with regards to supply chain environmental, health and safety, human rights, and ethics due diligence standards, and supplier risk management practices in our global supply chains. SCI works across Microsoft to identify and mitigate supply chain risks and therefore its work encompasses the Norwegian entities listed in this report.

SCI partners with organizations across Microsoft to manage corporate compliance to global laws, regulations, customer, investor, non-governmental organization ("NGO") and other stakeholder expectations and standardizes due diligence and reporting practice expectations for Supply Chain Teams across Microsoft. The team also oversees implementation of these requirements, monitors progress, shares best practices, and works with numerous external organizations. Our engagements with these organizations and others are designed to expand our impact and learning with and from our industry peers.

SCI, Supply Chain Teams, and other compliance teams within CELA provide regular updates to their Senior Leadership, and all engage in cross-team reporting and collaboration to identify ways to advance Microsoft's compliance and commitments. As a reflection of the importance we place on advancing environmental and social progress, we assign oversight responsibility for environmental sustainability and corporate social responsibility to the Environmental, Social, and Public Policy Committee of the Board, which works with management to review our supply chain integrity policies, programs, and performance.

Fundamental Rights Policies

Supporting economic growth, protecting fundamental rights, creating a sustainable future, and earning trust are core values and keys to Microsoft's long-term success. We work to implement these commitments throughout our operations, supply chains and broader society as evidenced by our [Global Human Rights Statement](#), which commits to respecting fundamental human rights under the following international instruments:

- [Universal Declaration of Human Rights](#)
- [International Covenant on Civil and Political Rights](#)
- [International Covenant on Economic, Social and Cultural Rights](#)
- [International Labor Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [Convention on the Elimination of All Forms of Discrimination against Women](#)
- [Convention on the Rights of the Child](#)
- [Convention on the Rights of Persons with Disabilities](#)
- [International Convention on the Elimination of All Forms of Racial Discrimination](#)
- [International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families](#)
- [Geneva Conventions and their Additional Protocols](#)
- [Rome Statute of the International Criminal Court](#)
- [United Nations Declaration on the Rights of Indigenous Peoples](#)
- [United Nations Declaration on Human Rights Defenders](#)

We are also members, signatories, or supporters of the following frameworks and multi-stakeholder initiatives:

- [Child Rights and Business Principles](#)
- [Global Network Initiative - Sustainable Development Goals](#)
- [United Nations Global Compact](#)
- [United Nations Standards of Conduct for Business on Tackling Discrimination against LGBTI people](#)
- [Women's Empowerment Principles](#)

Additionally, Microsoft has established a [Supply Chain Human Rights Policy Statement](#) to communicate additional human rights risk management measures relevant to our corporate, business, and subsidiary supply chains. This policy statement requires a risk management system in alignment with the [OECD Due Diligence Guidance for Responsible Business Conduct](#). The policy targets Microsoft's direct and the extended supply chain and was communicated to our employees responsible for managing supply chain

risks as well as all of our directly contracted suppliers through the [Microsoft Supplier Code of Conduct](#) and the [Code of Conduct for Doing Business with LinkedIn](#).

Supplier expectations are defined in [Microsoft's Supplier Code of Conduct \(SCoC\)](#) and the [Code of Conduct for Doing Business with LinkedIn](#). Directly contracted suppliers are contractually bound to meet these requirements and are required to cascade Microsoft's human rights supply chain expectations to their supply chains through their own direct contracts with sub-tier suppliers. Every year, SCI reviews risk trends, and new legal and stakeholder requirements and expectations, and works to update Microsoft policies, procedures, and supplier requirements.

Additionally, Microsoft supports environmental sustainability as evidenced by the progress towards our carbon negative, water positive, zero waste, and ecosystem protection commitments identified in our [2022 Microsoft Environmental Sustainability Report](#).

Embedding Fundamental Rights Strategy within Microsoft

All Supply Chain Teams are responsible for maintaining supply chain due diligence management systems in accordance with SCI guidance, which is informed, in part, by the Act's requirements. SCI collaborates closely with Supply Chain Teams and with Microsoft corporate teams, including:

- Corporate, External, and Legal Affairs;
- Internal and external legal experts;
- Investor Relations;
- Corporate Human Rights;
- Trade and Customs;
- Environmental Sustainability;
- Corporate Communications and Public Relations;
- Enterprise Risk Management;
- Digital Infrastructure; and
- Internal Audit.

Directly contracted supply base

A corporate-wide supply chain risk assessment is conducted periodically to identify, weigh, and prioritize human rights and environmental risk. This assessment covers all direct supplier categories to prioritize those supplier categories posing the highest risks in our supply chains and considers criteria such as country-specific environmental and human rights risk and supplier sectoral risk to determine supply chain risk profiles. Through Microsoft's most recent risk assessment, we prioritized review of the following risks due to the nature of our business and supply chains: forced labor, workplace health and safety risks, excessive overtime, threats to community health and wellbeing (including as it relates to land use and property rights, particularly for local communities and indigenous peoples), freedom of association, discrimination and harassment, corruption, low wages, and child labor.

Based on the results of the corporate risk analysis, each Supply Chain Team reviews their supplier categories annually, starting with their highest risk categories, and conducts supplier risk assessments to determine the type and frequency of supplier monitoring needed.

Extended supply chain

Microsoft adopts a risk-based approach in assessing our indirect raw materials supply chain. While Microsoft does not have direct contracts with these suppliers, we consider a variety of risk elements to prioritize raw materials supply chains that present the highest social, environmental, and business risks. Based on this analysis and prioritization, we survey our directly contracted suppliers to obtain additional supply chain data regarding the sourcing of those prioritized high-risk materials.

Event-related risk analysis

Where a new risk is identified, an ad-hoc risk assessment is conducted. This process may be triggered by changes in our supply chain profile such as new country operations, new business relationships, new human rights challenges or conflicts, and other event-related risks. Examples from 2022 include continued impacts of the COVID-19 pandemic, the need for geo-diversification, and the enactment of new laws.

Communication of results

Corporate risk assessment results are communicated to Senior Leadership and all Supply Chain Teams. This information is also included in our public Supply Chain Human Rights Statement. In addition, Supply Chain Teams communicated supply chain specific risks within each business to the Senior Leadership team.

Risk Mitigation Measures

Directly contracted supply base

Microsoft employs several mitigation measures to prevent risk impacts, including:

- *Integration of expectations during supplier selection:* All new suppliers are vetted through a pre-qualification process which includes a risk assessment and reviewed against relevant external benchmarks or metrics. In some supplier categories, suppliers are required to complete a self-assessment questionnaire. In high-risk supplier categories, pre-qualification audits are conducted prior to engaging.
- *Development and implementation of appropriate procurement strategies:* Supply Chain Teams review the performance of suppliers and factor this into decisions made regarding continued engagement.
- *Obtaining contractual assurances for compliance and implementation along the supply chain:* Suppliers are contractually bound to Microsoft's or LinkedIn's Supplier Code of Conduct (SCoC) which is reviewed and updated annually. Suppliers that request to use their own code of conduct are required to work with Microsoft and LinkedIn to show substantial equivalency with the Microsoft or LinkedIn SCoC, but these exceptions are rare.
- *Training and development to enforce contractual requirements:* All suppliers are expected to complete the SCoC training and confirm their understanding of supplier expectations.
- *Agreeing and implementing risk-based control measures:* All suppliers are expected to build management systems to manage risks to the standards set by Microsoft in the SCoC. Where practice differs from expectations, suppliers are required to correct their processes.

Extended supply chain

Microsoft assesses risks in its extended supply chains based on risk trends, information received from industry bodies, governments, and/ or through our suppliers. One of the higher risk categories is associated with raw materials extraction and processing in the electronics manufacturing sector. Given the risks identified with this supply chain, our programming to assess risks associated with our hardware supply chains is more robust.

Microsoft participates in the Responsible Minerals Assurance Process (“RMAP”) through the Responsible Minerals Initiative (“RMI”) to monitor performance of raw material suppliers. The RMAP is leveraged and supported by a range of industry stakeholders. Verification of minerals processors to the RMAP for high-risk minerals provides assurance to companies that the smelters and refiners (“SORs”) within their supply chains for certain high-risk minerals employ responsible sourcing practices and management systems. RMAP requires independent, third-party audits to assess, monitor, and validate whether SORs process conflict minerals (tin, tantalum, tungsten, and gold, also known as 3TGs) from sources that directly or indirectly finance or benefit armed groups in a Conflict Affected and High-Risk Area (“CAHRA”). The RMAP audit protocol is aligned with the OECD Due Diligence Guidance for Responsible Business Conduct.

As part of the SCoC, directly contracted electronics suppliers are required to report the upstream sources (smelting or refining facilities) of prioritized raw materials (Gold, Tantalum, Tin, Tungsten, Cobalt, Aluminum, Copper, Gallium, Lithium, Nickel, Rare Earth Elements, and Silicon). In addition to disclosing their upstream sources, these suppliers are contractually required to source conflict minerals from smelters and refiners that participate in and are conformant to RMAP audits.

We also work outside of our supply chain to promote responsible mining practices in CAHRAs by partnering with multi-stakeholder groups such as the Initiative for Responsible Mining Assurance (“IRMA”), the Public-Private Alliance for Responsible Minerals Trade (“PPA”) and industry organizations including the RMI, and others. In this manner, we go beyond the minimum due diligence established by the OECD Due Diligence Guidance to assess and reduce our supply chain sourcing risks and improve working conditions in our raw material supply chains.

Finally, we work to support solutions to root-cause issues of our identified raw materials risks through our partnerships with groups working on the ground to prevent and solve the issues in the mining sector and the surrounding communities. Through our leadership within RMI and IRMA, Microsoft is working to influence the future of responsible raw materials sourcing, to ensure that minerals are mined to a standard that is internationally recognized and is co-created by, co-governed by, and accessible to impacted communities.

Stakeholder Consultation

The requirements defined in the SCoC and our risk management practices are drawn from internationally recognized standards and legal obligations and from industry best practices. Extensive stakeholder and subject matter consultations and reviews, including with vulnerable populations, are conducted in the development of these standards and best practices.

Findings and Remedial Measures

Directly contracted supply base

Based on the risk assessments, Supply Chain Teams conduct risk-based monitoring of supplier practices throughout the period of Microsoft's engagement with the supplier. Depending on the supplier commodity, monitoring includes reviewing supplier practices through questionnaires and/or desk-based or on-site audits. For our highest risk supplier categories, such as electronics suppliers, on-site audits are conducted by qualified third parties for a significant portion of our supply base.

If any non-conformance is identified, the relevant Supply Chain Team, in alignment with SCI's corporate guidance, must assess whether Microsoft is causing, contributing to, or directly linked to an actual or potential adverse human rights or environmental impact. Given the nature of our relationships with direct suppliers, most non-conformances are cases where Microsoft is directly linked to the impact and we work with our suppliers to implement corrective actions and remediation, where applicable. Systems are in place or being developed so that all investigations and audits of non-conformances utilize a process with clear internal responsibility and escalation paths, and include:

- Documenting how investigations and audits are conducted;
- Documenting how issues are addressed; and
- Integrating new risks identified during investigations and audits into our annual risk assessments.

Supply Chain Teams prioritize the management of non-conformances by considering numerous factors, including the likelihood of the adverse impact (confirmed, likely, possible, speculative), the severity of the adverse impact (critical, serious, major, minor), the ability to effectuate change with the supplier, and whether terminating the relationship would by itself have adverse consequences.

Corrective actions include action plans, closure timeframes based on severity, and a business process for tracking closure. In the event of violation of Microsoft policies, a supplier relation may be restricted, suspended, or terminated. Supply Chain Teams also work internally to coordinate with each other where suppliers are shared to use combined business leverage to influence supplier practices.

Extended supply chains

One of the higher potential risk categories identified in our supply chains is raw materials extraction and processing for materials used in electronics. If any non-conformant or non-participating smelters or refiners are identified, we work with our suppliers and industry peers to bring the facility into conformance with RMAP. In cases where the smelters are not willing or able to become conformant, we work with suppliers to remove the facility from our supply chain.

Effectiveness of processes

Supply Chain teams are expected to review the effectiveness of their risk mitigation processes at least yearly and make needed changes to continuously improve. This is done through regular reviews with SCI.

Grievance Mechanisms

Corporate Integrity Hotline

Microsoft operates a corporate integrity hotline designed to receive concerns about potential misconduct, including grievances, since at least 2003. The hotline is available to all employees and external parties, including those in our supply chains, to report concerns about potential violations of law, Microsoft codes of conduct such as the Standards of Business Conduct (SBC) and the SCoC, and Microsoft policies. The hotline is publicly available online at www.microsoftintegrity.com and includes information about how to report a compliance concern in multiple languages.

Microsoft's Compliance & Ethics (C&E) team oversees the processing of reports received through this hotline, and triages and processes them in one of four ways:

- Reports concerning potential violations of law or Microsoft policies, which are referred to C&E's Business and Regulatory Investigations team.
- Requests for guidance on compliance with policies or law, which are referred to appropriate teams within C&E.
- Reports concerning employee workplace conduct, which are referred to C&E's Workplace Investigations team for investigation.
- Reports concerning matters out-of-scope for C&E, such as those that relate to human resources, privacy, or other types of legal matters, are referred to other Microsoft organizations.

The hotline allows parties to raise concerns or grievances in multiple ways, including:

- Calling an international or local toll-free telephone line published on the Integrity Portal. The line is staffed 24 hours a day, seven days a week and answered in several languages.
- Submitting an online report through the Integrity Portal.
- By email, fax, or mail using details on www.microsoftintegrity.com

Microsoft also encourages its employees and external parties to raise concerns with any member of Microsoft management; local or corporate Human Resources; Finance; or CELA, who are trained to relay such concerns to the reporting channels, including the hotline described above.

All reports are acknowledged and addressed through a Microsoft internal process. This process contains several safeguards to protect reporter confidentiality, including anonymous reporting, limiting persons engaged in grievance reporting to only those with a "need to know," and protections against information disclosure.

Workers' Voice Hotline

In addition to the corporate hotline described above, Devices operates its own grievance mechanism to enhance the reach of our grievance mechanisms to workers at our manufacturing facilities.

Devices operates a Workers' Voice Hotline and a complaints resolution protocol that is anchored on the Guiding Principles on Business and Human Rights, the Worker Engagement Supported by Technology

("WEST") Principles, and the RBA Code of Conduct. All grievances coming through the corporate hotline that concern the Devices supply chain are also addressed through this procedure.

The Devices Workers' Voice Hotline rules of procedure are communicated to suppliers by training, through posters posted on the work floors, and through information cards distributed to sampled workers. The information is shared in a language workers can understand.

With the Devices Hotline, Supplier workers are able to report complaints anonymously. Third-party operators are trained to handle the cases appropriately to protect reporters' identity or any other information that can disclose reporters' identity and ensure data confidentiality. Reports are followed up on to verify the case's closure status, workers' satisfaction, as well as to check whether any retaliation has occurred because of the complaint. In addition, a worker survey is conducted annually to understand reporters' feedback on the effectiveness of the program. Microsoft program managers monitor the case handling process to ensure the above principles are followed.

LinkedIn's Helpline

Additionally, LinkedIn operates a separate grievance mechanism for its business and provides an anonymous Helpline for any employee to submit a complaint. Employees are able to file complaints in multiple ways and at any time, including through managers, HR Business Partners, the Global Compliance and Integrity inbox, an anonymous Helpline and an Employee Relations inbox. LinkedIn's Speak Up policy and other relevant policies are publicly available on its [Customer Portal](#).

For all grievance mechanisms described, managers are expected to encourage employees to raise concerns, act impartially, respond respectfully to those concerns, take every report seriously, and make every effort to maintain the confidentiality of the person reporting to ensure that no one is subject to retaliation or reprisal. Microsoft provides separate and mandatory training to managers to reinforce requirements for responding to concerns.

The Path Forward

In 2023, we will be focused on enhancing implementation of our core due diligence processes across all our supply chains, and investing in tools for data tracking, along with developing additional strategies for supply chain traceability. We will also work to enhance cross-company monitoring processes and tracking of process effectiveness. We will continue to work with our industry partners in developing best practices in managing risks in our extended supply chain and key topical areas such as forced labor, living wages, purchasing practices, sustainability, and other emerging issues.

Signatures

This statement is approved and signed by Microsoft Norge AS, Microsoft Datacenter Norway AS and Microsoft Development Center Norway AS.