

**LAW FIRM POLICIES  
MICROSOFT CORPORATION  
JANUARY 1, 2024**

This Law Firm Policies document and the additional documents referenced herein (collectively, these “**Policies**”) govern the relationship between a law firm (“**Firm**”) and Microsoft Corporation (“**Microsoft**”) with respect to Matters (as defined herein), are effective from January 1, 2024, and supersede all previously issued policies. These Policies are available through Microsoft’s e-billing tool (“**Billing System**”) and are published online at [http://aka.ms/CELA\\_LSP\\_Policies](http://aka.ms/CELA_LSP_Policies) (the “**Policies Website**”). By beginning or continuing work on Matters, Firm agrees to provide its services in compliance with these Policies.

**1. POLICIES OVERVIEW.**

**1.1. Purpose & Function.** The law firms providing services to Microsoft are an important contributor to its success. These Policies have been adopted by Microsoft’s Corporate, External, and Legal Affairs Department (“**CELA**”) to achieve greater efficiencies and cost savings while maintaining high quality legal services from its providers. They govern the relationship between Microsoft and Firm when Firm works on matters for, or that are otherwise supervised by CELA (each such matter, a “**Matter**”). Firm will ensure its employees involved with Matters understand and comply with these Policies. These Policies supersede Microsoft’s click-through and purchase order supplier terms and apply to all engagements of Firm by CELA, including secondments of Firm employees and secondments or other engagements of Firm subcontractors.

**1.2. Tax Matters.** These Policies do not govern Firm’s work on any matters for Microsoft’s Tax Department (“**Tax**”). If Firm performs work for Tax, Firm will seek guidance from Tax on Tax’s requirements for engagement of law firms. If Firm performs work for both CELA and Tax, Firm will comply with these Policies for any work it performs for CELA.

**1.3. Modification.** CELA may change these Policies from time to time, in which case CELA will post revisions to the Policies Website and in the document library of the Billing System at least 30 calendar days before the modification’s stated effective date and use commercially reasonable efforts to notify Firm via email sent to Firm’s contact(s) listed in the Billing System. By continuing to work for CELA, Firm agrees to work in compliance with the revised Policies as posted on the Policies Website, even if Firm did not receive an email notification from CELA. *Firm must therefore ensure the Billing System reflects its correct and most up-to-date contact information.*

**1.4. Exceptions.**

- (a) These Policies do not supersede and are subject to applicable laws as well as codes, rules, and regulations of professional responsibility/conduct governing the practice of law of the jurisdiction(s) in which Firm provides legal services or otherwise practice law (collectively “**Applicable Rules**”). If a conflict exists between these Policies and Applicable Rules, Applicable Rules will control and serve as an exception to these Policies. Such an exception is self-executing and does not need to be memorialized as otherwise required by this Section 1.4. If Firm becomes aware of a conflict between Applicable Rules and these Policies, CELA requests Firm inform CELA of the conflict via email to [CELA\\_LSP\\_Policies@microsoft.com](mailto:CELA_LSP_Policies@microsoft.com) for awareness and possible acknowledgement in a future update to these Policies.

- (b) Exceptions to these policies are discouraged and rarely granted. CELA employs hundreds of law firms worldwide, the vast majority of whom are able to perform work in compliance with these Policies without exception. CELA recognizes, however, that in narrow circumstances exceptions may be warranted. Requests for exceptions to these Policies must be submitted by Firm with explanation to CELA Legal Business & Strategy via email to CELA\_LSP\_Policies@microsoft.com. Exceptions to these Policies may only be granted in a writing executed by the Director of Legal Business & Strategy using a standard CELA form. If CELA refuses to grant the requested exception and Firm cannot perform work for CELA without that exception, Firm may not perform work for CELA. CELA may revoke a granted exception at any time in its discretion via written notice to Firm. The effect of such a revocation is set out in clause (f).
- (c) If CELA modifies these Policies and Firm cannot continue to perform work for CELA under the modified Policies, Firm may withdraw from its representation of Microsoft in accordance with these Policies or request an exception to the modified Policies as set out in Section 1.4. Firm may continue to work on its existing Matters pursuant to the prior Policies but may not work on any new Matters unless and until its exception has been granted.
- (d) If CELA modifies these Policies in such a way so as to conflict with an existing exception granted to Firm, Firm must notify CELA Legal Business & Strategy at CELA\_LSP\_Policies@microsoft.com within 45 days of the effective date of the revision and include in its notice a copy of the previously executed exception and an explanation of the possible conflict. The exception must be reaffirmed in a writing executed by the Director of Legal Business & Strategy within 90 days of the publication date of the revision, or the exception will be void and of no further force and effect (“**Exception Expiration**”).
- (e) Exceptions as of January 1, 2024.
  - (i) If Firm believes it has in effect an exception to these Policies as of January 1, 2024, Firm must notify CELA Legal Business & Strategy by February 1, 2024, at CELA\_LSP\_Policies@microsoft.com and include in its notice a copy of the writing memorializing the pre-existing exception and an associated approval/agreement by a member of CELA or predecessor organization (“**Pre-existing Exception**”) (e.g., a copy of an email memorializing the exception and approval/acceptance by a member of CELA).
  - (ii) If Firm cannot produce such a writing, CELA will treat the exception as not having been granted. Pre-existing Exceptions submitted after February 1, 2024, will be denied and considered revoked by CELA.
  - (iii) CELA Legal Business & Strategy will evaluate each of Firm’s Pre-existing Exceptions and either approve (in accordance with Section 1.4(b)) or deny them in writing no later than June 1, 2024. Until such time as the Pre-existing Exception is approved or denied, Firm may continue to work on existing and new Matters subject to the Pre-existing Exception(s).
- (f) If Firm cannot continue working for CELA without a previously approved exception that CELA has denied or revoked, Firm may withdraw from its representation of Microsoft in accordance with these Policies or Firm may continue working on its

existing Matters and the previously approved exception(s) will be in effect as to those existing Matters, but Firm will be prohibited from working on any new Matters.

**1.5. Engagement Letters.**

- (a) CELA does not execute law firm engagement letters as a policy. Firms that wish to work for CELA must do so pursuant to these Policies, subject to the Exception process set out in Section 1.4.
- (b) If Firm needs a writing akin to an engagement letter for a Matter to meet certain obligations (e.g., regulatory or insurance requirements), Firm may execute a Statement of Work with Microsoft. Any Statement of Work that purports to create an exception to these Policies, whether for a specific Matter or generally, must comply with Section 1.4 and be executed by the Director of Legal Business & Strategy. Statements of Work that do not comply with this Section 1.5(b) will not create any exception to these Policies notwithstanding any language therein to the contrary.
- (c) Engagement Letters as of January 1, 2024.
  - (i) If Firm has one or more engagement letters with Microsoft in effect as of January 1, 2024, that purport to apply to work performed for CELA, Firm must notify CELA Legal Business & Strategy by February 1, 2024, at CELA\_LSP\_Policies@microsoft.com with a copy of the engagement letter signed by a Microsoft attorney.
  - (ii) Engagement letters not signed by a Microsoft attorney, past or present, will be treated as not in effect by CELA. If Firm cannot work for CELA absent the unsigned engagement letter, Firm may continue working on its existing Matters subject to the unsigned engagement letter but will be prohibited from working on any new Matters. Engagement letters submitted after February 1, 2024, will be limited to existing Matters and Firm will be prohibited from working on any new Matters.
  - (iii) CELA Legal Business & Strategy will evaluate each of Firm's engagement letters and will notify Firm in writing no later than June 1, 2024, whether such engagement letter(s) will be limited to existing Matters and Firm thereafter prohibited from working on any new Matters. Until such written notification, Firm may continue to work on existing Matters subject to the applicable engagement letters but may not work on new Matters without the written consent of the Director of Legal Business & Strategy.

**1.6. Whom to Contact.**

- (a) *General Issues and Questions.* For general process issues and questions arising while working with CELA, Firm should contact CELA Legal Operations at AskCELA@microsoft.com. These include vendor setup issues, invoice submission issues, Matter creation and initiation issues, new timekeeper submissions, and the like. Questions about legal substance should be directed to the appropriate CELA Managing Professional.
- (b) *Questions about these Policies.* For general questions about these Policies, Firm should contact CELA Legal Operations at AskCELA@microsoft.com. Exceptions to

these policies may be requested via CELA\_LSP\_Policies@microsoft.com in accordance with Section 1.4.

- (c) *Procurement Program Compliance.* The Microsoft Procurement organization runs several compliance programs across Microsoft's supplier base, which includes law firms. Law firms may be exempted from some of these programs but not others (see Section 9).
  - (i) For general questions about Procurement programs and policies and Section 9, Firm should contact CELA Legal Operations at AskCELA@microsoft.com.
  - (ii) If Firm is contacted by Microsoft Procurement about its participation in a Procurement Compliance Program and Firm requires guidance, Firm should contact CELA Legal Business & Strategy at lexbus@microsoft.com.
- (d) *Annual Rates Process; Rates Generally.* See Section 6.3. During the Annual Rates Process, Firm should contact celarates@microsoft.com. Outside of the Annual Rates Process, Firm should contact CELA Legal Operations at AskCELA@microsoft.com.
- (e) *Strategic Partner Program.* See Section 11.1. If Firm is in the Strategic Partner Program, Firm should contact CELA Legal Business & Strategy at lexbus@microsoft.com. Otherwise, Firm should contact CELA Legal Operations at AskCELA@microsoft.com.
- (f) *Law Firm Diversity Program.* See Section 11.2. If Firm is participating in the Law Firm Diversity Program and has questions or needs to make submissions, contact CELA Legal Business & Strategy at lexbus@microsoft.com. Otherwise, Firm should contact CELA Legal Operations at AskCELA@microsoft.com.

## **2. DIVERSITY AND INCLUSION.**

CELA is committed to promoting diversity and inclusion and seeks to hire law firms that share this objective. CELA believes that diversity in people, interests, expertise, and points of view enhances our ability to provide high-quality legal services to our clients, enriches our workplace, and connects us to the communities in which we live and work. CELA strongly encourages law firms to offer such diversity when staffing Matters, including with approved subcontractors.

## **3. ROLES AND RESPONSIBILITIES.**

### **3.1. CELA Roles.**

- (a) *CELA Managing Professional.* The CELA Managing Professional for a Matter is the CELA employee responsible for making decisions regarding the conduct of Firm's engagement with CELA with respect to the Matter and how work is performed for that Matter, including its scope, nature, and duration. Unless otherwise directed in writing by the CELA Managing Professional, Firm will include the CELA Managing Professional in all meetings and communications with Microsoft employees (CELA or otherwise) in connection with the Matter. The CELA Managing Professional may direct Firm to work with other CELA personnel on a Matter, but the CELA Managing Professional remains the primary CELA representative for that Matter.

- (b) *CELA Responsible Professional.* The CELA Responsible Professional for a Matter is the CELA employee with organizational and/or financial responsibility for the Matter. The CELA Responsible Professional may be the same as the CELA Managing Professional or someone in the CELA Managing Professional's management chain. The distinction is primarily for CELA organizational and financial purposes and Firm should in all cases treat a Matter's identified CELA Managing Professional as its primary contact with respect to that Matter.
- (c) *CELA Legal Operations.* The CELA Legal Operations Team (AskCELA@microsoft.com) assists CELA legal service providers with the tools and processes used to manage Matters, timekeepers, billing, and payment.
- (d) *CELA Legal Business & Strategy.* The CELA Legal Business & Strategy Team (lexbus@microsoft.com) administers programs related to CELA legal service providers (e.g., Strategic Partner Program, Law Firm Diversity Program, Legal talent Marketplace), negotiates not-to-exceed hourly rate agreements (see [Section 6](#)) and Alternative Fee Arrangements (see [Exhibit A](#)), conducts legal services competitive bidding programs, and owns these Policies.
- (e) *CELA Ethics.* The CELA Ethics Team (CELAEthic@microsoft.com) handles all conflict waiver requests. See [Section 4](#).

### 3.2. Firm Roles.

- (a) *Matter Lead.* Firm will assign one attorney to be the lead attorney for each Matter on which it works (the "**Matter Lead**"). The Matter Lead will work with the CELA Managing Professional to ensure the Matter is handled in accordance with these Policies and has a mutually understood and agreed scope and budget. The Matter Lead will staff the Matter appropriately given the Matter's scope, risk, budget, and timeline, and monitor Firm's performance ensuring the quality of Firm's services and deliverables. The Matter Lead will coordinate closely with the CELA Managing Professional on all significant developments in the Matter and in making all strategic decisions.
- (b) *Primary Relationship Partner.* Firm will appoint a partner generally familiar with Microsoft's business, industry, and Matters to have overall responsibility for Firm's relationship with CELA across all such Matters ("**Primary Relationship Partner**") and record and maintain the identity and contact information of the Primary Relationship Partner in the Billing System. CELA will work with the Primary Relationship Partner on all significant issues concerning legal work on a Matter, billing, rate negotiations, fee arrangements, and business development. If Firm participates in either the Strategic Partner Program or the Law Firm Diversity Program, in addition to making the appropriate changes in the Billing System, Firm should also notify CELA Legal Business & Strategy (lexbus@microsoft.com) of changes to its Primary Relationship Partner.
- (c) *Billing Administrator.* Firm will identify a liaison to CELA for all administrative and billing related processes ("**Billing Administrator**"). The Billing Administrator may be a single person or a team, but if the latter Firm will establish a single email address CELA may use to communicate with that team. The Billing Administrator will:

- (i) submit invoices through the Billing System in accordance with these Policies;
  - (ii) update timekeeper information in the Billing System on a timely basis;
  - (iii) disseminate relevant non-legal information from CELA to Firm personnel as appropriate (e.g., changes to these Policies, billing issues, invoice rejections); and
  - (iv) promptly respond to administrative and billing related communications from CELA.
- (d) *Contact Information.* Firm will ensure the contact information of the current Primary Relationship Partner and Billing Administrator is recorded and maintained in the Billing System. CELA uses this contact information for important communications, including rate negotiations and changes to these Policies. Failure to maintain this information could have consequences for Firm, including late or incomplete payments and not being invited to annual rate negotiations (see [Section 6.3](#)).

#### 4. CONFLICTS.

**4.1. Microsoft and its Subsidiaries.** For purposes of Applicable Rules barring or limiting an attorney's representation adverse to the interests of existing or former clients, Firm will treat Microsoft as its "client" if it has represented any one of Microsoft's businesses or subsidiaries, and all Microsoft's subsidiaries and businesses are one client for purposes of conflict-of-interest determinations. This includes any of Microsoft's subsidiaries that have legal departments separate from CELA (e.g., LinkedIn). A list of current Microsoft subsidiaries can be obtained from Microsoft's filings with the Securities and Exchange Commission (faster) or by sending an email to CELA\_LSP\_Policies@microsoft.com (slower).

#### 4.2. Waivers of Conflicts of Interest.

- (a) If Firm has any conflict of interest arising from work on a Matter, Firm must disclose that to Microsoft before beginning work on the Matter or otherwise at the time the conflict arises and obtain a waiver of the conflict from CELA.
- (b) To request a waiver, Firm must contact the CELA Legal Ethics Team at CELAEthic@microsoft.com. The request should include (i) the Matter for which the waiver is sought and the identities of the CELA Managing Professional, the Matter Lead, and the Primary Relationship Partner, and (ii) a brief summary of the conflict.
- (c) CELA will consider requests for waivers of conflicts of interest on a case-by-case basis and grant waivers in its discretion.
- (d) CELA does not provide blanket or prospective waivers.
  - (i) If Firm believes it has a blanket or prospective waiver as of January 1, 2024, it must follow the process for exceptions to these Policies set out in [Section 1.4\(e\)](#). CELA will not recognize any blanket or prospective waivers not reaffirmed pursuant to that process.
- (e) CELA does not permit any firm currently representing Microsoft to represent another party against Microsoft in litigation or any other contested Matters.

- (f) If CELA agrees to waive a conflict, in addition to any conditions of such waiver and the requirements of any Applicable Rules, Firm will:
  - (i) establish an ethical screen between the attorneys representing Microsoft and those representing the adverse party;
  - (ii) in the event CELA consents to Firm's representation of another client adverse to Microsoft in a transaction, inform the other client in writing that Microsoft has not waived the conflict as to representation of that client against Microsoft in litigation; and
  - (iii) withdraw from representation of both Microsoft and the other party if a dispute between Microsoft and the other party arises regarding the Matter for which the waiver was requested.

**4.3. Other Representations.** Firm should, to the extent reasonably feasible and consistent with Firm's confidentiality obligations to its other clients, Applicable Rules, and legal privileges, contact the CELA Legal Ethics Team at CELAEthic@microsoft.com for guidance in advance of representations/actions where Firm:

- (a) will represent a Microsoft co-plaintiff or co-defendant;
- (b) will hire an attorney from a firm that is currently representing a client adverse to Microsoft;
- (c) will represent a Microsoft employee; or
- (d) anticipates that representation of another party will involve advancing a position on a legal issue that may be materially adverse to Microsoft's interest.

## **5. WORKING ON MATTERS.**

### **5.1. Matter Initiation.**

- (a) *Engagement.* Firm may not accept any legal counseling work from a Microsoft organization other than CELA and Tax. If a Microsoft employee not in CELA or Tax contacts Firm on behalf of Microsoft for legal services, Firm will redirect that employee to that employee's legal partner in CELA or tax partner in Tax, as appropriate, or if the employee is unsure whom to contact, direct the employee to CELA Legal Operations (AskCELA@microsoft.com).
- (b) *Firm's Advocacy Positions.* To the extent reasonably feasible and consistent with Firm's confidentiality obligations to its other clients, Applicable Rules, and legal privileges, before engaging on a Matter, Firm will advise the CELA Managing Professional of any positions Firm has publicly taken in the recent past or is presently publicly taking on issues that, in Firm's judgment, may be adverse, harmful, or otherwise prejudicial to the interest of Microsoft, whether or not such positions relate to the Matter for which Firm has been retained, including, without limitation, positions publicly taken on behalf of clients and positions publicly taken by Firm in its own name on issues of policy.
- (c) *Matter Scope, Timeline, and Fee Arrangement.* To initiate a new Matter, the CELA Managing Professional and the Matter Lead will meet to set the Matter's scope and timeline and agree on a budget and fee arrangement. If the Matter's proposed

budget exceeds USD \$100,000, the Managing Professional and Matter Lead will memorialize the scope, timeline, and fee arrangement (if applicable) along with other pertinent details in a writing signed by the CELA Managing Professional (or a member of the CELA Managing Professional's management chain as required by Microsoft's procurement policies) and Matter Lead and, if required by these Policies, the Director of Legal Business & Strategy (such writing, a "**Statement of Work**" or "**SOW**") before Firm's work on the Matter may begin.

- (d) *Budget.* A Matter budget is required for internal Microsoft processes and Firm will leverage its knowledge of Microsoft, CELA, and the applicable Microsoft business together with its general knowledge of and experience with similar Matters to provide a realistic budget estimate to the CELA Managing Professional. Unless otherwise agreed by CELA and Firm in writing (e.g., fixed price or not-to-exceed fee agreement), Firm's proposed budget is merely an informed estimate of cost and will have no effect on the actual amount paid to Firm for Firm's services on the Matter. Notwithstanding Firm's proposed budget, the CELA Managing Professional will determine the approved budget for the Matter.
- (e) *AFAs.* CELA prefers Alternative Fee Arrangements ("**AFAs**", see Exhibit A) over time-and-materials billing arrangements based on the traditional law firm billable hour model. CELA attorneys and practice groups are empowered to negotiate AFAs directly with Firm. CELA recognizes that AFAs may not be appropriate for every Matter, but CELA expects Firm to propose AFAs to the CELA Managing Professional when economically feasible. CELA also expects Firm to propose AFAs for portfolios of work and for high volumes of similar or related Matters. AFAs are subject to the requirements of Section 5.1(c).
- (f) *Hourly Billing.* In those situations where an AFA cannot be used or CELA and Firm cannot agree on an AFA, Firm may base its fees on its not-to-exceed hourly rates approved in the Billing System, or any lower hourly rate agreed to by the CELA Managing Professional and documented in an SOW executed in advance of the commencement of work. Hourly rates for a Matter remain in effect for the duration of the Matter and will not increase for any reason (including promotion or progression of a staff member from one level to another, or approval of new not-to-exceed rates in an Annual Rates Process) without the prior written approval by the CELA Managing Professional. In no event may Firm use an hourly rate for a timekeeper that exceeds that timekeeper's approved rate in the Billing System.
- (g) *Commencing Work.* Firm will not begin work on a Matter until (i) it receives a system-generated email confirmation from the Billing System that a Matter number has been assigned and the Matter's budget has been approved, (ii) in the case for Matters for CELA's Global Trademark Group or patent Matters for CELA's Intellectual Property Group, it has received written authorization to begin work in accordance with those practice groups' respective Matter initiation processes, or (iii) the CELA Managing Professional has, in writing, authorized Firm to commence work absent the normally required documentation (e.g., urgent Matters). If Firm begins work or otherwise incurs what would have been reimbursable costs on the Matter without such authorizations, CELA may in its discretion choose not to pay for such work or costs.

- (h) *Communication.* At the outset of a Matter, Firm and the CELA Managing Professional will agree on a plan for effective communication and expectations for the sharing of information and Work Product.

## **5.2. Matter Performance.**

- (a) *Generally.* Firm will (i) deliver high quality services in a cost-effective manner, (ii) maintain the highest standards of professionalism, ethics, and integrity to avoid even the appearance of conflict or other impropriety, and (iii) comply with all applicable laws, regulations, and rules, including, without limitation, Applicable Rules.
- (b) *Partnering.* CELA obtains legal services from many law firms and alternative legal service providers and may employ multiple providers at once on a specific Matter requiring them to work together on Microsoft's behalf. Firm will cooperate with other legal service providers as requested by CELA and ensure Firm does not duplicate the efforts of such providers. CELA welcomes Firm's suggestions for additional third parties with whom Microsoft may contract to enable Firm to deliver the best value to Microsoft, especially in those instances when it is not possible or appropriate for Firm to subcontract such third parties.
- (c) *Subcontracting.*
  - (i) When appropriate, Firm should propose to CELA that Firm use subcontractors to enable Firm to deliver to Microsoft a more optimal balance of value, cost, and risk. However, Firm may not subcontract work on a Matter to any third party (e.g., local counsel, consultants, legal process outsourcers or alternative legal service providers, experts, investigators) without the express advanced written approval of the CELA Managing Professional. Firm is responsible for the performance of any third party it engages to work on a Matter, whether or not approved, and will be liable for any such third party's acts and omissions, including any failure to comply with these Policies.
  - (ii) Subject to the CELA Managing Professional's approval, Firm will secure reasonable billing rates from its subcontractors, and if feasible and appropriate, discounts, favorable fixed fee arrangements, or other favorable terms for the subcontractors' services.
  - (iii) If the cost of a subcontractor's services will exceed USD \$100,000, Firm must first contact CELA Legal Operations (AskCELA@microsoft.com) to obtain approval of the terms of the agreement with the subcontractor. In such cases, CELA reserves the right to arrange for the subcontractor to bill Microsoft directly.
  - (iv) If the cost of a subcontractor's services will be less than USD \$100,000, Firm will discuss the most cost-effective means of submitting invoices with the CELA Managing Professional, which may be direct billing to Microsoft or as a pass-through expense using the Billing System.
  - (v) These Policies do not apply to Firm's service providers supporting Firm's day-to-day "back office" or business operations, such as print/mail, shredding, offsite records storage, document/data processing, cloud

services, etc. Firm's obligation to Microsoft under these Policies regarding such providers is to engage them in a way that enables Firm to provide legal services in compliance with Applicable Rules and these Policies. If Firm believes its employment of such a third party as part of its business operations prevents it from complying with these Policies, Firm may seek an appropriately scoped exception to these Policies pursuant to Section 1.4.

- (d) *Status Reporting.* Firm will keep the applicable CELA Managing Professionals closely apprised of the status of the Matters on which it works, consult closely with those CELA Managing Professionals on all important decisions related to those Matters, and, if requested, participate in a post-mortem once a Matter is completed to assess the effectiveness of the partnership of the parties.
- (e) *Budget Reporting.* In addition to the requirements of any communication plan agreed between Firm and a CELA Managing Professional, Firm will notify the CELA Managing Professional when Firm's billings for a Matter, including unbilled amounts for work already performed, have reached 65% of the Matter's approved budget for Firm, and then again when Firm's billings have reached 80% of the Matter's approved budget for Firm.
- (f) *Escalating Matter Issues.* If Firm believes that a decision made by a Matter's CELA Managing Professional would have a materially negative impact on the interest of Microsoft despite Firm's counsel, Firm will bring its concerns to the attention of the CELA Managing Professional's Deputy General Counsel. If Firm does not know which Deputy General Counsel to contact, Firm may obtain that information from CELA Legal Operations (AskCELA@microsoft.com) noting the request is high priority if the issue is urgent.
- (g) *Staffing.* CELA requires lean staffing on its Matters. Firm will inform the CELA Managing Professional of its staffing plan, including any changes to the staffing plan over the course of the Matter, and make any changes reasonably requested by the CELA Managing Professional.
  - (i) Firm will use its professional judgment in assigning tasks to its legal professionals so that it may competently deliver its services while meeting agreed timelines and minimizing fees.
  - (ii) CELA may adjust or reject invoices evincing a mismatch of timekeeper to task (e.g., partners performing work suited to associates, associates performing work suited to paralegals, paralegals performing work suited to legal assistants/secretaries).
  - (iii) Firm will use clerks, paralegals, and legal assistants instead of lawyers whenever an activity can cost effectively be performed by a person who does not have a license to practice law.
  - (iv) Unless Firm is part of CELA's Strategic Partner Program, or the work to be performed is billed to Microsoft on a non-hourly basis, Firm may not assign tasks to attorneys with less than 24 months of experience practicing law as a licensed attorney without obtaining the prior written approval of the CELA Managing Professional.

- (v) While Firm may assign work to summer associates and trainees, Firm may not bill Microsoft for that work without obtaining the prior written approval of the CELA Managing Professional.
- (h) *Media Relations.*
  - (i) Firm may not issue any press releases, hold press conferences, or otherwise communicate with the media, publish articles, or develop or publish marketing materials concerning any projects that relate to its relationship with Microsoft without the advance written consent of the applicable CELA Managing Professional, or if not related to a specific Matter, CELA Legal Business & Strategy (lexbus@microsoft.com).
  - (ii) Firm will not use Microsoft's brands, logos, or trademarks without Microsoft's prior written permission, and then only in accordance with Microsoft's written branding/logo use guidelines.
  - (iii) Firm will report any media inquiry regarding a Matter to the CELA Managing Professional, or if not related to a specific Matter, to CELA Legal Business & Strategy (lexbus@microsoft.com).
- (i) *Evaluation.* CELA measures performance of its law firm partners across a number of criteria beyond the quality of legal counsel. Firm should monitor and strive to improve its overall performance as a provider of professional services in addition to being a trusted partner and counselor. CELA's performance measures include the following:
  - (i) Accruals and forecasts: Accuracy of monthly accruals and forecasts versus actual billings
  - (ii) Billing hygiene: prompt, accurate, compliant, clear, and detailed invoices
  - (iii) Cost competitiveness
  - (iv) Rate inflation and performance in rate negotiations
  - (v) Information security, business continuity, and other measures of technological sophistication
  - (vi) Openness and creativity regarding Alternative Fee Arrangements
  - (vii) Value added services (e.g., CLEs, publications, project management and operational support, reporting)
- (j) *Business Reviews; Annual Reports.*
  - (i) Strategic Partner Firms. Firms in the Strategic Partner Program will participate in two business reviews per year, both with CELA Legal Business & Strategy, and one of which may include other CELA stakeholders.
  - (ii) Annual Reports. Firms with fees totaling more than USD \$2.5 million in a fiscal year may be asked by CELA Legal Business & Strategy to submit a report that includes information on the work performed during the fiscal year, diversity metrics, pro bono activities, value-adds for CELA, AFAs, areas of opportunity, challenges, and the general state of the relationship.

Content from these reports may be made available to Microsoft employees in CELA.

- (iii) Practice Group Business Reviews. Firms that do substantial business with specific CELA practice groups are encouraged to offer to those practice groups periodic business reviews for the benefit of the leaders of those practice groups.
- (iv) Scope. These Policies do not require Firm to disclose to CELA any information that is protected by a legal privilege or that would otherwise cause Firm to violate its ethical or legal duties to any third party or under any Applicable Rules. If Firm believes CELA has requested such information, Firm should inform CELA of its conclusion so CELA and Firm may explore possible alternatives.

### **5.3. Termination of Matter Representation.**

- (a) CELA may terminate Firm's representation on a Matter at any time, with or without cause, upon written notice to Firm. Firm may withdraw from its representation of Microsoft on a Matter at any time upon written notice to the CELA Managing Professional with a copy to CELA Legal Operations (AskCELA@microsoft.com) where withdrawal is permissible or required under Applicable Rules.
- (b) In the event of such termination, Firm will promptly take all steps reasonably requested by CELA to help transition Firm's work to CELA and/or another legal service provider(s).

## **6. HOURLY RATES; RATE NEGOTIATIONS.**

**6.1. Authority.** CELA Legal Business & Strategy is the only CELA team authorized to negotiate not-to-exceed hourly rates with Firm for each of Firm's timekeepers or alternative hourly fee arrangements, such as blended or tiered rate, that apply to all Firm's Matters ("**Maximum Rates**"). CELA Managing Professionals are empowered to negotiate hourly rates for their Matters (i.e., Matters for which they are the CELA Managing Professional) that are lower than the Maximum Rates, but in no event may Firm charge hourly rates that exceed the Maximum Rates. CELA Managing Professionals are not empowered to approve rates for any Matter other than their own nor are they empowered to approve Firm's Maximum Rates and firm will not contact any CELA employee regarding negotiation of Maximum Rates other than members of CELA Legal Business & Strategy. If Firm only performs services for Tax, Firm will negotiate rate adjustments directly with Tax.

**6.2. New Timekeeper Rates.** If Firm will staff a Matter with a timekeeper who will bill hourly and who is also new to Microsoft or has not performed work for CELA in the preceding 24 months, Firm will submit that timekeeper's hourly rate for approval through the Billing System. Rates must be submitted in Firm's vendor currency noted in the Billing System. CELA Legal Operations (AskCELA@microsoft.com) must review and approve the new timekeeper's hourly rate before the timekeeper's work begins.

### **6.3. Annual Rate Negotiations.**

- (a) *Generally.* Microsoft is a global company with over 220,000 employees and subsidiaries or operation in nearly 120 countries, and sells its products and services in nearly every country. This global footprint together with its numerous lines of

business require CELA to engage hundreds of law firms around the world. This volume of active firms and timekeepers makes it virtually impossible for CELA to process rate adjustments on an ad hoc basis or on each Firm's preferred timeline.

- (b) *Annual Rates Process.* CELA Legal Business & Strategy therefore conducts rate negotiations in two cadences annually using a process referred to as the "Annual Rates Process" or "ARP". The primary ARP cadence is conducted in the months leading up to Microsoft's fiscal year-end (typically March through June for rates effective July 1, the start of Microsoft's fiscal year), and a smaller ARP cadence is conducted in the months leading up to the calendar year-end (typically October through December for rates effective January 1). Firm may only adjust the rates it charges CELA during an ARP.
- (c) *New Firms; Switching Cadences.* A new firm working for CELA will typically be invited to the first fiscal year ARP cadence that occurs after the firm has worked for CELA for at least six months. Firm may request a switch from its currently assigned cadence to the other cadence, which CELA Legal Business & Strategy may grant in its discretion, but Firm may not attempt to use a switch in cadence to accelerate a rate increase. Typically switching cadence will require Firm to hold its already approved rates steady for at least 18 months (i.e., for an additional six months following the ARP cadence in which it would otherwise have participated but for the request to switch).
- (d) *Rate Adjustment Frequency.* Unless Firm is on a longer duration rate agreement, Firm may seek rate increases only once per 12-month period, and only through one of these two ARP cadences. Depending on economic and business considerations, CELA may require rate commitments of 24 months or longer. More detailed information about ARP and CELA's requirements will be provided to Firm in writing at the start of each ARP cadence in which it participates.
- (e) *Failure to Participate in ARP; Missed Deadlines.* If Firm fails to participate in ARP when invited, or fails to meet ARP submission deadlines or other participation requirements, Firm will not be permitted to adjust its rates until the next ARP for which it is eligible. For this reason, it is **critical** that Firm maintain accurate contact information in the Billing System so it receives all ARP communications. Submissions made after the applicable ARP deadline **will not** be considered.
- (f) *Missing Invitation.* If Firm believes it should have been invited to an ARP but has not received an invite, Firm must send an email to the CELA Legal Business & Strategy rates team at celarate@microsoft.com copying lexbus@microsoft.com and AskCELA@microsoft.com no later than March 15 for the fiscal year ARP and October 15 for the calendar year ARP. Requests for an invite after those dates will be considered only on a case-by-case basis by CELA Legal Business & Strategy in its discretion.

## **7. BILLING AND INVOICES.**

### **7.1. Approved Budget; Budget Changes.**

- (a) CELA will reject invoiced amounts for a Matter that cause CELA's cumulative spend with Firm for the Matter to exceed the approved Firm budget for that Matter. If Firm continues to perform its services and incur costs in excess of its approved budget

for the Matter without written authorization from the CELA Managing Professional to do so, CELA may not pay for such services and costs in its discretion.

- (b) For this reason, it is important for Firm to keep the CELA Managing Professional informed of actual costs versus approved budget as set out in Section 5.2(e) and regularly discuss with the CELA Managing Professional Firm's expectations as to its ability to complete the agreed scope of work at a cost that will not exceed the Matter's approved budget for Firm so that the CELA Managing Professional may manage expectations and secure additional budget if needed in time to avoid disruption of payments to Firm.
- (c) Revised Matter budgets are not approved until Firm receives an email from the Billing System identifying the revised Matter budget.

**7.2. Payment Terms.** CELA will pay correct and undisputed invoices net 45 days after receipt.

**7.3. Record Keeping Related to Billing.** Firm will keep accurate and complete records regarding the fees and expenses it charges CELA and maintain such records for four years following termination of the Matter to which they relate or four years following termination of any closely related Matters, whichever is longer.

**7.4. Audit.** Firm will comply with CELA's requests for additional information about a specific invoice or to confirm Firm's billings comply with these Policies. If CELA determines that adjustments to billings should be made on the basis of any such audit, CELA will share the audit results with Firm. CELA's payment of an invoice is not a waiver of its right to audit that invoice or make adjustments to such invoice as a result of any such compliance audit.

**7.5. Invoices.**

- (a) *Prepayment.* Unless otherwise agreed in a Statement of Work, Firm may not invoice CELA for work not yet performed or expenses not yet incurred.
- (b) *Billing Requirements.* Firm will comply with the requirements set forth in Appendix 1 ("**Billing Requirements**") when invoicing CELA. CELA may reject a non-compliant invoice or adjust such an invoice to bring it into compliance.
- (c) *Timing.* For AFA Matters, Firm will submit invoices in accordance with the schedule set forth in the applicable Statement of Work with the final invoice submitted no later than 20 calendar days after completion of the Matter. For hourly billed Matters, Firm will submit invoices for work performed in a calendar month (the "**Work Month**") within 20 calendar days after the end of that Work Month. An invoice's "**Due Date**" is that date by which Firm should have submitted its invoice in accordance with this Section 7.5(c). An invoice submitted to CELA after its Due Date will be considered late.
- (d) *Expenses.*
  - (i) Firm will invoice CELA for permitted expenses promptly after Firm has paid for those expenses and collected all paperwork necessary to document and justify the expense. If expenses must be converted to the firm's currency prior to entry in the Billing System, currency conversion must be per the date of the incurrence of the expense (e.g., rather than date of invoice).

- (ii) Firm will attach copies of expense receipts to the corresponding invoice in the Billing System for each expense greater than USD \$50. CELA may request more information from Firm to support an invoiced fee or expense and Firm will promptly provide such information if possible. If Firm is unable to provide the requested information, CELA may adjust or reject the invoice.
  - (iii) If Firm will invoice CELA for an expense more than 60 days after the expense was incurred, it will notify the CELA Managing Professional.
  - (iv) Outside counsel travel constitutes a significant portion of CELA’s supplier emissions. As Microsoft continues to work to meet its Sustainability goals (see [Section 9.2](#)), CELA is focusing on measuring, monitoring, and managing outside counsel travel. Firm will carefully and accurately document and categorize travel expense line items on its invoices (See [Section 4](#) of [Appendix 1](#)). Travel expense line items that do not comply with this [Section 7.5\(d\)\(iv\)](#) and [Appendix 1](#) will be rejected and require resubmission. Travel expense line items rejected for non-compliance three times cannot be remedied or resubmitted and CELA will have no obligation to reimburse Firm for the associated travel expenses. If Firm is unsure how to properly comply with these requirements regarding travel expense line items, it should send its questions to CELA Legal Operations ([AskCELA@microsoft.com](mailto:AskCELA@microsoft.com)).
  - (v) CELA will reject and have no obligation to pay any expense line item submitted on an invoice (i) more than 180 calendar days after the end of the calendar month in which the underlying expense was paid for by Firm or (ii) more than 60 calendar days after the close of Microsoft’s fiscal year, unless such delayed invoicing was expressly agreed in a Statement of Work or Firm has secured the written consents of both the CELA Managing Professional *and* the Director of Legal Business & Strategy prior to submitting the invoice. Rejections under this clause cannot be remedied and any invoice expense line item so rejected cannot be resubmitted.
- (e) *Late Invoices.*
- (i) An invoice is late if it is submitted after its Due Date. An invoice will not be considered “submitted” for purposes of this [Section 7.5\(e\)](#) until it fully complies with these Policies. An invoice rejected for Policies non-compliance is therefore “not submitted” while an invoice rejected for reasons other than Policies non-compliance is “submitted”.
  - (ii) CELA may reduce the total amount owed on a late invoice or create a credit note in its financial systems, which it may use against any future invoice from Firm, according to the following schedule:

| Calendar Days after Due Date* | Permitted Percentage Reduction |
|-------------------------------|--------------------------------|
| 41-70                         | 5%                             |
| 71-100                        | 20%                            |
| 101-160                       | 30%                            |

\* For example, 61-90 days after the end of the calendar month in which work was performed for hourly invoices, which per paragraph (c) above, have a due date that is 20 calendar days after the end of the month in which the hourly work was performed.

- (iii) CELA will reject and have no obligation to pay an invoice submitted (1) more than 180 calendar days after the end of the calendar month in which the underlying work was performed or (2) more than 60 calendar days after the close of Microsoft's fiscal year for work performed in the prior Microsoft fiscal year, unless such delayed invoicing was expressly agreed in a Statement of Work or Firm has secured the written consents of both the CELA Managing Professional *and* the Director of Legal Business & Strategy prior to submitting the invoice. Rejections under this clause cannot be remedied and any invoice so rejected cannot be resubmitted.

#### **7.6. Invoice Adjustment & Rejection; Disputed Invoices.**

- (a) CELA may adjust or reject invoices for non-compliance with these Policies. CELA may choose not to pay an invoice that is rejected more than three times for noncompliance with these Policies.
- (b) The CELA Managing Professional or CELA Responsible Professional may adjust or reject invoices in their reasonable discretion with explanation to Firm.
- (c) If Firm disagrees with an invoice adjustment or rejection, it must first contact CELA Legal Operations (AskCELA@microsoft.com) identifying the invoice and describing the nature of and reasoning behind Firm's disagreement. CELA Legal Operations will escalate the dispute to the CELA Managing Professional if it deems necessary. Firm may not contact the CELA Managing Professional or CELA Responsible Professional directly to dispute an invoice adjustment or rejection.
- (d) The following is a non-exhaustive list of reasons an invoice may be adjusted or rejected:
  - (i) New and unapproved timekeeper
  - (ii) Unapproved timekeeper rate
  - (iii) Improperly categorized travel expenses
  - (iv) Duplicate line items or tasks within or across line items
  - (v) Invoice date is in the future
  - (vi) Invoice is an exact duplicate of a previous invoice
  - (vii) Time increments are not in tenths of an hour
  - (viii) Invoice requires an adjustment but contains a value added tax (VAT) line item

#### **7.7. Accruals.**

- (a) Microsoft uses accrual accounting and quarterly accrual monitoring (and in certain Matters, monthly monitoring) to accurately budget and forecast fees and expenses during its fiscal year. Microsoft may request and Firm will provide accrual estimates either manually or via the Billing System in accordance with written instructions provided by Microsoft.

- (b) An “accrual” is Microsoft’s liability to Firm for services performed by Firm but not yet billed. Submitted accrual amounts must include:
  - (i) Recorded fees and expenses incurred but not yet billed;
  - (ii) Unrecorded fees and expenses incurred but not yet billed; and
  - (iii) Estimates of fees and expenses expected to be incurred (including from Firm’s subcontractors) from the date an accrual is submitted through the end of a Microsoft-specified accrual period.

**7.8. No Offsets.** Firm may not offset amounts owed to it by Microsoft against any Microsoft funds it has received (e.g., settlements, judgments, recoveries). Firm will promptly distribute such funds to Microsoft via the method advised by CELA Legal Operations (AskCELA@microsoft.com).

## **8. WORK PRODUCT.**

**8.1. Definition.** “**Work Product**” means those pleadings, memoranda, correspondence, contracts, and any other products of Firm’s work created or prepared on behalf of and specifically for Microsoft but does not include any internal resources Firm develops for its own use at no cost to Microsoft (e.g., templates, training materials, software tools) nor does it include Firm’s own internal communications or records. Work Product also includes derivative works of Firm’s pre-existing intellectual property prepared on behalf of and specifically for Microsoft, but does not include the pre-existing intellectual property itself or any derivative works not prepared specifically on behalf of or for Microsoft. Work Product is limited to tangible forms of expression (e.g., “Work Product” does not include know-how developed by working on Matters).

**8.2. Ownership.** All Work Product is “work made for hire” for Microsoft under applicable copyright law subject to Firm’s retention of its rights in its pre-existing intellectual property. To the extent any Work Product does not qualify as a work made for hire, Firm assigns all right, title, and interest in and to the Work Product, including all intellectual property rights, to Microsoft. Firm waives, and agrees not to assert, any moral rights that may exist in the Work Product.

### **8.3. Licenses.**

- (a) To the extent Microsoft is not the owner of Work Product, Firm hereby grants Microsoft an unrestricted and irrevocable license to exercise all of Firm’s rights in such Work Product.
- (b) To the extent Microsoft is the owner of Work Product, Microsoft hereby grants Firm a restricted and revocable license to copy and create derivative works of such Work Product, subject to Firm’s legal, professional, and ethical obligations to Microsoft as Firm’s client, including Firm’s confidentiality obligations to Microsoft, and only to the extent exercising the foregoing rights will not adversely prejudice Microsoft. Unless otherwise agreed in writing signed by the Director of Legal Business & Strategy, at the end of the attorney-client relationship between Firm and Microsoft this license will automatically be limited to maintaining copies of Work Product as set out in Section 10.3.

**8.4. Confidentiality.** Regardless of whether Firm owns or has a license to Work Product, Firm will treat copies of Work Product as confidential in accordance with Applicable Rules and any agreements between Firm and Microsoft and will comply with Section 8.7.

**8.5. Fees.** Whether Work Product is owned by Microsoft or licensed to Microsoft, Microsoft may exercise its rights in Work Product without obligation to Firm. While Microsoft acknowledges its obligation to pay the fees and expenses agreed with Firm for the services Firm performs, failure of Microsoft to pay such fees and expenses will have no effect on Microsoft's ownership of Work Product or licensed rights with respect to such Work Product.

**8.6. Knowledge Management.** Firm will provide Work Product to CELA in accordance with the CELA Managing Professional's instructions, which may include submission through a CELA knowledge management or document management portal or service and may require activities such as tagging or appending metadata to the Work Product.

**8.7. Document Retention.**

- (a) All records, documents, and data ("**Documents**") Firm collects as part of its work for Microsoft, as between Microsoft and Firm, will be considered Microsoft property. Firm will maintain all Documents in a manner that allows for search, retrieval, and readability for the length of time maintained by Firm, and Firm will make the Documents available to Microsoft upon request.
- (b) To ease obligations related to specific Microsoft retention requirements, prior to the destruction of any Documents Firm will contact Microsoft Corporate Records Management at either CorpRM@microsoft.com (email) or CELA Litigation, Director of Records Compliance (traditional mail) for eligibility and approval. Firm should also contact the applicable CELA Managing Professional if known and still working for Microsoft at the time of the proposed destruction.
- (c) From time-to-time Microsoft may change its requirements regarding document retention to ensure compliance with legal obligations or business needs. If Firm holds Documents on Microsoft's behalf, Firm will annually review Microsoft's then-current records retention policies, which Firm may obtain by emailing a request to CorpRM@microsoft.com.
- (d) If Firm has questions about how to treat Documents in compliance with Microsoft's records retention policies, Firm may send its questions to CorpRM@microsoft.com.
- (e) Firm may maintain archival copies of Documents consistent with its generally applicable client file retention practices and Applicable Rules. Firm will review Microsoft's then-current records retention policies and, if necessary, consult with Corporate Records Management (CorpRM@microsoft.com) before deleting Microsoft Documents from its client records.

**8.8. Use of Generative Artificial Intelligence.** Firm must promptly disclose to the CELA Managing Professional when Firm uses generative artificial intelligence to create Work Product, in whole or in part.

**9. MICROSOFT SUPPLIER POLICIES; MICROSOFT PROCUREMENT.**

**9.1. Microsoft Supplier Code of Conduct.**

- (a) Firm is a Microsoft supplier and subject to the most current Microsoft Supplier Code of Conduct (<https://aka.ms/scoc>), the most current Anti-Corruption Policy for Microsoft Representatives (<http://aka.ms/microsoftethics/representatives>), the requirements of the Microsoft Supplier Security and Privacy Assurance Data

Protection Requirements (SSPA) program (<https://www.microsoft.com/en-us/procurement/sspa>), and any additional policies or training identified by CELA in an SOW signed by Firm (collectively, “**Supplier Policies**”).

- (b) Notwithstanding the foregoing, as set out in Section 1.4, Firm is not subject to any provision of the Supplier Policies that would cause Firm to violate its obligations under Applicable Rules.
- (c) CELA has in narrow circumstances obtained exemptions from certain aspects of the Supplier Policies for specific Matters or law firms, or for law firms generally. If Firm is uncertain whether a specific Supplier Policy applies to it, Firm should contact CELA Legal Operations (AskCELA@microsoft.com). If Firm is subject to a provision of the Supplier Policies but needs an exception, it may request an exception pursuant to Section 1.4.

**9.2. Sustainability.** Microsoft has set aggressive sustainability goals for itself as well as its supply chain, of which Firm is a part. More information can be found in the Microsoft Supplier Code of Conduct and at <https://www.microsoft.com/en-us/corporate-responsibility/sustainability>. Firm will participate in and comply with Microsoft’s sustainability program for its suppliers. If Firm at any time falls out of compliance, consistent with the requirements of Microsoft’s sustainability program, Firm may not work on new Matters until it complies. Sustainability compliance is also a consideration for firm hiring and firm eligibility for the Strategic Partner Program. CELA regularly reviews sustainability compliance and each practice group is responsible for monitoring the compliance of its law firms and for directing work away from non-compliant firms and towards firms that are not just complying with minimum sustainability standards, but that are actively improving their sustainability posture.

## **10. TERMINATION OF ENGAGEMENT.**

**10.1. Termination.** CELA may terminate Firm’s engagement with Microsoft at any time, with or without cause, upon written notice to Firm. Firm may withdraw from its representation of Microsoft at any time, upon written notice to CELA Legal Business & Strategy (lexbus@microsoft.com) with a copy to CELA Legal Operations (AskCELA@microsoft.com), where withdrawal is permissible or required under Applicable Rules.

**10.2. Transition.** In the event of such termination, Firm will promptly take all steps reasonably requested by CELA to help transition Firm’s work to CELA and/or another legal service provider(s). For example, CELA may ask Firm to promptly deliver to CELA or another legal service provider all pertinent files, research, communications, records, memoranda, pleadings, drafts, and other materials related to Firm’s representation of Microsoft.

### **10.3. Microsoft Confidential Information.**

- (a) Upon such termination, Firm may retain Microsoft confidential information (as defined by Applicable Rules and agreements between Firm and Microsoft), including Work Product and other Documents, to the extent (i) required by Applicable Rules or the reasonable requirements of third parties that enable Firm to conduct business as a law firm such as insurance companies, (ii) consistent with Firm’s generally applicable business policies and processes for managing former client files, or (iii) it is not commercially reasonable for Firm to delete certain copies (e.g., copies maintained on backups that do not support selective deletion of materials).

- (b) With respect to Documents not covered by clause (a), Firm will review Microsoft's then-current records retention policies and, if necessary, consult with Corporate Records Management (CorpRM@microsoft.com) before deleting Microsoft Documents from its client records and comply with Microsoft's reasonable requests regarding such Documents.
- (c) With respect to any Microsoft confidential information in Firm's possession outside of that to be retained by Firm pursuant to clauses (a) and (b), Firm will not retain such confidential information without the written approval of the Director of Legal Business & Strategy.

**10.4. Costs.** Unless otherwise agreed with CELA in writing, Firm will bear all of its costs incurred in transferring or destroying documents and other information at the end of its representation.

**10.5. Survival.** These Policies will continue to govern the relationship between Firm and Microsoft until all of Firm's work on any Matters has been completed and all invoices for such work have been submitted and paid or finally rejected. Those provisions of these Policies that apply to Microsoft confidential information, implicitly or explicitly, survive termination of Firm's engagement with Microsoft for as long as Firm retains copies of Microsoft confidential information.

## **11. CELA PROGRAMS.**

**11.1. Strategic Partner Program (SPP).** CELA's Strategic Partner Program is CELA's premier program for modeling CELA's value-focused law firm engagement strategy. Firms in the program are selected based on the scope and scale of their support to Microsoft and CELA, legal expertise, and commitment to Microsoft's priorities around efficiency, diversity and inclusion, pro bono service, legal innovation, and sustainability. CELA's relationships with SPP firms influences and informs its broader engagement strategy with other firms in CELA's provider portfolio.

**11.2. Law Firm Diversity Program.** CELA's Law Firm Diversity Program incentivizes diverse staffing on Matters and diversity within participating law firms. Participation in this program is by invitation only.

**11.3. Women and Minority Owned Law Firm Program.** Microsoft supports the advancement of diversity in the legal profession through engagement of Women and Minority-owned (WMBE) law firms. Microsoft is a member of the National Association for Minority and Women Owned Law Firms (NAMWOLF) Inclusion Initiative. CELA practice groups are encouraged to employ WMBE firms when appropriate.

**11.4. Pro Bono Program.** The mission of the Microsoft Pro Bono Program is to inspire and empower Microsoft employees and community partners, including our law firm partners, to create solutions that promote justice for all by providing those in need with access to legal knowledge, resources, and services. More information can be found at <https://www.microsoft.com/en-us/legal/diversity/pro-bono-programs>. CELA encourages firms to partner with Microsoft on pro bono initiatives.

**11.5. Inability to Work on New Matters.** If Firm is a member of the Strategic Partner Program or participates in the Law Firm Diversity Program and is prohibited from working on new Matters for any reason, Firm will be immediately removed from those programs.

## **12. MISCELLANEOUS.**

**12.1. Independent Contractor.** Firm is an independent contractor for Microsoft. Nothing in these Policies creates an employer-employee relationship or guarantees future employment.

**12.2. Governing Law; Venue; Attorneys' Fees.** These Policies, exceptions to these Policies granted in accordance with Section 1.4, and any Statements of Works entered into between Firm and Microsoft pursuant to these Policies (collectively, "**Applicable Agreements**") are governed by and will be construed and enforced in accordance with the laws of the State of Washington without giving effect to the principles thereof relating to the conflicts of laws. In the event of litigation between Microsoft and Firm, such litigation will take place in the State of Washington and Firm consents to the exclusive jurisdiction of and venue in the state and federal courts sitting in King County, Washington. Firm waives all defenses of lack of personal jurisdiction and *forum non conveniens*. In any action to enforce any right or remedy under the Applicable Agreements, or to interpret any provision of the Applicable Agreements, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs, and other expenses, including the costs and fees incurred on appeal or in a bankruptcy or similar action.

**12.3. Third-Party Beneficiaries.** The Applicable Agreements will not be deemed to create any rights in third parties, including suppliers and subcontractors of Microsoft and Firm, or to create any obligations of Microsoft or Firm to any such third party.

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## EXHIBIT A

### ALTERNATIVE FEE ARRANGEMENTS

An Alternative Fee Arrangement (“**AFA**”) is a pricing method used by law firms to bill clients for legal services that is not based solely on hourly billing. AFAs can provide cost and revenue certainty for clients and can encourage law firms to innovate and optimize efficiency. The most common types of AFAs include flat fees per matter, blended hourly rates, capped fees, collared fees, contingency fees, phased fixed fees, portfolio fixed fees, and success fees.

CELA prefers AFAs so that it may more accurately predict and proactively manage its legal spend, incentivize efficiency, share risk with its law firm partners, and in some cases reward law firms for extraordinary service/success. Firms are encouraged to propose AFAs when economically feasible and CELA professionals are encouraged to direct work to those firms that have shown a willingness to propose to and engage with CELA using AFAs.

#### Types of AFAs:

- *Flat fees per matter:* A set price charged for a single matter that has a clear scope of work.
- *Blended hourly rates:* A universal hourly rate applied to multiple law firm staff members who would have formerly billed at separate rates on their client's matter — regardless of seniority.
- *Capped fees:* Hourly billing arrangements that establish an agreed-upon maximum at the outset of a matter.
- *Collared fees:* An hourly billing arrangement that rewards efficiency in which the lawyer would receive a bonus if their work is completed under budget or grant an additional discount if their work goes over budget.
- *Contingency fees:* Payment structures based, in whole or in part, on a predefined legal result.
- *Phased fixed fees:* A legal matter is divided into stages or phases, where the client pays a predetermined fee when a stage or phase in the legal matter is complete.
- *Portfolio fixed fees:* A set value-based fee assigned to a wide variety of matter types.
- *Success fees:* The law firm receives a bonus payment if the previously agreed upon definition of a successful result is met or exceeded.

**APPENDIX 1**  
**MICROSOFT CORPORATE, EXTERNAL, AND LEGAL AFFAIRS (CELA)**  
**BILLING REQUIREMENTS**

Firm's billing practices and invoices must comply the requirements set out in this Appendix 1. If Firm has questions about how to onboard to the Billing System and/or how to comply with these Billing Requirements, Firm should contact CELA Legal Operations at AskCELA@microsoft.com.

**1. GENERALLY.**

These Billing Requirements govern Firm's submission of Matter invoices, budgets, and accruals. Firm personnel responsible for Matter invoicing must become familiar with these requirements, including any Firm attorneys responsible for reviewing invoices before they are submitted to CELA. To the extent it is capable, the Billing System will automatically reject non-compliant invoices. CELA also audits some invoices for compliance. If Firm repeatedly submits non-compliant invoices, CELA may, in its discretion, prohibit further engagement of Firm until Firm has put in place a remediation plan to address compliance issues.

**2. INVOICES.**

**2.1. Format and Submission.**

- (a) Matter invoices must be submitted electronically to the Billing System. Firm will bear the cost of any infrastructure needed to facilitate electronic submission of invoices, including any fees charged by the Billing System vendor to submit electronic invoices through its tooling. If Firm needs assistance with the Billing System, it should contact CELA Legal Operations (AskCELA@microsoft.com).
- (b) Unless an alternative format is approved for a specific Matter by CELA Legal Operations (AskCELA@microsoft.com), Firm's invoices must comply with one of the formats available via the Billing System (currently Legal Electronic Data Exchange Standard (LEDES) 1998B, LEDES 2000, LEDES XML 2.0, and LEDES XML 2.1). If required by local authorities, Firm will attach to the electronically submitted invoice a corresponding PDF invoice that matches the LEDES invoice.
- (c) Invoices must be in English.
- (d) Fees and expenses must be billed in Firm's vendor currency noted in the Billing System.
- (e) Non-US law firms billing in USD may not vary timekeeper rates based on foreign currency exchange rates.
- (f) Unless otherwise memorialized in an SOW as part of an AFA, Invoices must be limited to charges for a single Matter and for work and expenses incurred within a single calendar month.

**2.2. Content.** Each invoice must contain the following:

- (a) Matter name and number

- (b) Firm name and address
- (c) A unique invoice number
- (d) The date the invoice was submitted to Microsoft
- (e) Appropriate task and expense codes for each line item
- (f) For each fee line item:
  - (i) Timekeeper identification information, including name, role/title, and timekeeper ID
  - (ii) Timekeeper's approved rate for the Matter (applicable Maximum Rate or rate agreed with the Matter's CELA Managing Professional for the Matter), net of any applicable discounts
  - (iii) Time spent on each activity, detailed in 0.10 hour increments
  - (iv) Date on which the work was performed
  - (v) Narrative describing the task in sufficient detail for CELA's invoice reviewer to determine if the time spent on a task was reasonable. Additional non-exclusive guidelines:
    - (1) For correspondence, including email communications, addressee and subject matter of the communication
    - (2) For meetings, virtual or in person, the attendees and subject discussed
    - (3) For research, the subject and purpose
    - (4) For drafting of Work Product that in any way used or otherwise relied on generative artificial intelligence, in whole or in part, a notation that such technology was used, a description of how the technology was used, and the source of the technology (e.g., vendor name and vendor product/service name)
  - (vi) A UTBMS or other task code available in the Billing System appropriate for the content of the narrative
    - (1) For drafting of Work Product that in any way used or otherwise relied on generative artificial intelligence, in whole or in part, use of a task code that reflects the use of generative artificial intelligence
- (g) For each expense line item:
  - (i) Narrative describing the nature and purpose of the expense
  - (ii) Travel expenses should be further described as follows:
    - (1) For airfare and rail, the origin, destination, and class of travel

- (2) For lodging, the city, state and/or country, check-in and check-out dates
- (3) For meals, the city, state and/or country
- (4) For ground transportation, the origin and destination and nature of transportation (e.g., taxi, rideshare, car service)
- (iii) Name of person incurring the expense
- (iv) Date incurred
- (v) UTBMS or other expense code available in the Billing System appropriate for the nature of the expense and content of the narrative
- (vi) Vendor paid

### **3. NON-BILLABLE ITEMS.**

- 3.1. Generally.** Firm should exercise its professional judgment to minimize fees and expenses charged to CELA. This Section 3 addresses some types of fees and expenses that may or may not be billed to CELA but is not exhaustive. CELA reserves the right to reject any fees or expenses it believes to be unreasonable under the circumstances.
- 3.2. Overhead; Markup.** CELA presumes that hourly billable rates and AFA pricing are calculated to include all overhead and internal charges associated with Firm's practice. Unless expressly authorized in advance and in writing by the CELA Managing Professional, Firm may not charge CELA for Firm's overhead costs and other general costs of doing business. Firm will charge permitted expenses to CELA without markup.
- 3.3. Meetings and Events.** Unless Firm obtains the prior approval of the CELA Managing Professional, only one Firm employee may attend and bill for events such as meetings, depositions, witness interviews, hearings, negotiations, client meetings, etc. For events requiring, in Firm's reasonable judgment, the presence of more than three Firm professionals, Firm should seek the CELA Managing Professional's advanced approval *in writing* (e.g., email).
- 3.4. CELA Consent.** The following items are not billable to CELA absent the advance written consent of the CELA Managing Professional:
- (a) Orientation, "getting up to speed", or file review by personnel assigned to a Matter to replace existing counsel within Firm
  - (b) Consulting, professional fees, experts, arbitrators, mediators, private investigators, and other support vendors
  - (c) Translation fees
  - (d) Technology test purchases and case-related purchases.

- (e) Time over 10 hours per day per timekeeper across all Matters on which timekeeper works
- (f) Photocopying, scanning, document reproduction, document conversion, printing and the like totaling more than USD \$10,000 for an entire Matter or more than USD \$5,000 for a specific effort within a Matter
- (g) Online research costs incurred specifically for a Matter (e.g., one-time fees to access specific research needed for a Matter)
- (h) Data storage or hosting
- (i) Physical item storage (e.g., Iron Mountain)

**3.5. Not Billable.** The following items are not billable to CELA:

- (a) One Firm professional redoing the work of another Firm professional (as compared to the efficient review by a senior professional of the work of a junior professional appropriately assigned to the work) or duplicating the work of another Firm professional
- (b) Administrative work including calendaring, scheduling, planning travel logistics, proofreading, uploading documents, opening, updating, or closing files, indexing, preparing internal trackers, and all work related to properly invoicing CELA
- (c) Conflicts checks
- (d) Training and apprenticeship time
- (e) Time and travel expenses associated with staffing and working with Firm employees across multiple Firm offices
- (f) Travel time within a 50-mile radius of a Firm's office or, for a Firm employee working remotely, within a 50-mile radius of that employee's work location
- (g) Work completed after closing of a Matter/termination of a case
- (h) Secretarial and clerical charges, whether normal, temporary, or overtime
- (i) Marketing/client development activities
- (j) Internal distribution of documents, items, or emails
- (k) Basic or "canned" legal or other research developed outside of a Matter
- (l) Time spent complying with these Policies (including Supplier Policies) or any audit of Firm's compliance with these Policies or Supplier Policies
- (m) Word or data processing
- (n) Postage, freight, express mail services, messenger and delivery services

- (o) Photocopying, scanning, document reproduction, document conversion, printing and the like totaling less than USD \$10,000 for an entire Matter
- (p) Continuing Legal Education fees and other costs (including time) of professional development
- (q) Dues and professional license fees, including pro hac admission fees and certificates of good standing
- (r) General online research costs and resources
- (s) Physical books, reference materials, periodicals and other printed resources unless they can only be used on Matters (in which case Firm will transfer all such materials to CELA upon CELA's request)
- (t) Timekeepers providing non-substantive legal services (e.g., librarians, information technology staff, relationship management)

**3.6. Block Billing.** When billing hourly, Firm will not group multiple disparate tasks in a single invoice line item under one generic task description and one task code ("**Block Billing**"). Block Billing does not provide adequate detail to assess the work that was done and frustrates CELA's ability to report on legal services purchased. Firm will cause its timekeepers to record each of their tasks and, set apart using parenthesis, time spent on those tasks, and Firm will not submit invoice line items whose tasks cannot properly be described by the line item's single UTBMS or other task code. CELA may discount Block Billed line items by 50% or reject the associated invoice as non-compliant with these Policies.

**3.7. Vague Billing.** Generic descriptions of work performed or expense incurred, standing alone, are unacceptable for billing purposes as they do not provide adequate detail to assess the work that was done and frustrate CELA's ability to report on legal services purchased. Examples of unacceptably vague narratives include "attention to matter", "work on file", "prepare for meeting", "review documents", "analyze issues", "copies", "taxi", and "consultant".

**3.8. Learning the Law.** Firm will not invoice and CELA will not pay for legal research and education that is fundamental to a Firm attorney's practice area. CELA expects all of its outside counsel to remain up to date on all developments fundamental to their practice areas.

#### **4. TRAVEL.**

**4.1. Approval of Travel.** Firm will obtain the CELA Managing Professional's written approval before incurring any travel expenses as part of its work on a Matter.

**4.2. Microsoft Travel Policy.** Firm must comply with Microsoft's Supplier Travel Policy made available through the Billing System's document library whenever it incurs travel expenses in connection with its work on a Matter. CELA will notify Firm when the Travel Policy

changes via email to the contacts Firm has input into the Billing System. CELA may reject or adjust travel charges incurred that are out of compliance with the Travel Policy.

- 4.3. Microsoft Travel Partners.** Upon request, Firm will use Microsoft's designated travel providers accessed through an online travel system to book its travel, which enables Microsoft to take advantage of discounts Microsoft has negotiated with certain providers. CELA may reject or adjust travel charges that did not take reasonable advantage of such discounts.
- 4.4. Travel Time.** Firm may not bill CELA for a timekeeper's time spent while traveling unless the timekeeper is performing substantive work on a Matter while traveling. If a Matter will require significant travel, Firm will discuss with the CELA Managing Professional how to minimize travel and how this time should be treated for billing purposes at the start of the Matter.
- 4.5. Personal Travel Expenses.** CELA will not reimburse Firm for the personal travel expenses of its personnel. Examples of such expenses include, but are not limited to:
- (a) Agency fees
  - (b) Airline clubs/lounges
  - (c) Change fees not incurred at the direction of CELA
  - (d) Child or pet care expenses
  - (e) Clothing
  - (f) Dry cleaning/laundry services
  - (g) Entertainment/recreational expenses
  - (h) Hair styling
  - (i) Wi-Fi (hotel, airplane, coffee shop, etc.) unless required to work on Matters
  - (j) Luggage fees
  - (k) Hotel mini-bar charges
  - (l) Mobile phone and hot spot fees
  - (m) Non-commercial lodging or food establishments
  - (n) Shoeshines
  - (o) Toiletries
- 4.6. Categorizing Travel.** See Section 7.5(d)(iv). Firm must select the most appropriate category for travel expense line items appearing on invoices. If Firm is unsure how to select the correct category for a specific expense, it should send an email to CELA Legal Operations (AskCELA@microsoft.com).