

May 12, 2021

Ms. Beatriz Balbin
Chief
Special Procedures Branch
Office of the High Commissioner for Human Rights
Palais des Nations
1211 Geneva 10 Switzerland
Sent via email: registry@ohchr.org

Re: AL OTH 133/2021 - Joint Communication from Special Procedures

Dear Ms. Balbin,

Thank you for the March 12th joint communication to Mr. Satya Nadella, requesting information regarding Microsoft's human rights due diligence and specifically how we address forced labor allegations. At Microsoft, respecting human rights is a critical component of our mission to empower every person and every organization on the planet to achieve more. Our approach, as articulated in [Microsoft's Global Human Rights Statement](#), is aligned with the UN Guiding Principles on Business and Human Rights (UNGPs) as the authoritative global standard for business and human rights.

Microsoft's commitment to respect human rights includes actions to achieve responsible and ethical sourcing. All forms of forced labor are specifically banned by our Supplier Code of Conduct. Through our Devices' responsible sourcing supply chain assurance program, we actively use supplier risk assessments, third party audits, and a worker grievance hotline to understand, identify, and remediate forced labor risks. We have initiated a self-reporting mechanism, which holds our Devices' suppliers accountable by requiring them to report the use of ethnic minority workers and foreign migrant workers if employed in high-risk countries, thereby, strengthening our ability to identify potential forced labor risk in our hardware supply chains. We have improved our risk screening for potential forced labor risk during the supplier onboarding process and, after onboarding, we work closely with our suppliers to ensure that they continue to meet our requirements, including our forced labor prohibitions. We pay special attention to identifying any potential forced labor risk that may be related to high-risk countries.

Through our ongoing supply chain human rights due diligence, we have investigated allegations that Microsoft's supply chains use forced labor. Our review of audit and procurement records did not uncover any evidence that would indicate a connection between Microsoft and alleged forced labor in or from the Xinjiang Uyghur Autonomous Region. We have posted transparency reports and disclosures on our website, including Microsoft's annual [Modern Slavery and Human Trafficking Statement](#). Additional

information, including summarized audit results, can be found in our [Annual Devices Sustainability Report](#). We highlight some of our key programs below in response to your March 12th Joint Communication.

Microsoft's Human Rights Due Diligence Program

Our commitment to respect the human rights of our employees, customers, suppliers and individuals in the communities in which we operate is embedded in our [Standards of Business Conduct](#) and reinforced by Microsoft's Global Human Rights Statement. The Global Human Rights Statement, which was last updated in 2020 and is available in 18 languages and dialects, adheres to the United Nations Guiding Principles on Business and Human Rights and the Global Network Initiative Principles and outlines our commitment and approach to respecting human rights in our business activities, including across our supply chains. The Global Human Rights Statement builds upon Microsoft's formal commitment to respect human rights and labor rights, which was established when we joined the United Nations Global Compact in 2006.

The Global Human Rights Statement articulates how we work to meet our responsibility to respect human rights by:

- Clearly stating our human rights policies and advancing these policies through our business operations and practices;
- Proactively engaging with rightsholders and stakeholders to obtain input to help evolve our approach;
- Actively participating in relevant human rights-focused collaborative initiatives, such as the Responsible Business Alliance (RBA); and
- Communicating annually on the work we are doing to meet our human rights responsibilities through our Corporate Responsibility website and other transparency reports and disclosures.

Microsoft's Global Human Rights Statement references our respect for specific international human rights instruments, including the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which prohibits all forms of forced labor, including modern slavery, indentured servitude, and human trafficking. This statement applies to Microsoft and all its subsidiaries.

In line with the UN Guiding Principles on Business and Human Rights, we take steps to identify, prevent, mitigate, and account for any potential human rights abuses in our operations and supply chains. Recognizing that our direct actions are only part of the process, Microsoft requires our global manufacturing partners to meet international human rights standards and social and environmental accountability requirements with respect to their facilities, their workers, and the products they manufacture. All suppliers, including recruiters, employment agencies and recruitment firms, are prohibited from using forced labor and trafficking in persons. All suppliers must inform their employees,

agents, recruiters, contractors, and subcontractors about supplier policies that prohibit human trafficking and provide training and programs to address forced labor, including risk identification and mitigation.

Monitoring and evaluation systems to ensure the effectiveness of Microsoft's human rights due diligence in our hardware supply chains

Microsoft uses contractual provisions to legally bind our devices and cloud hardware suppliers to our social and environmental accountability requirements, including our Supplier Code of Conduct and our Social Environmental Accountability (SEA) Supplier Manual. Our forced labor prohibitions are communicated to and enforced with our direct suppliers through audits, factory visits, and SEA trainings. We use our sourcing decisions and independent third-party audits to direct and influence supply chain conformance. To manage conformance beyond our direct suppliers, Microsoft works with our directly contracted suppliers to communicate our forced labor prohibitions and expectations to their sub-tier suppliers and require conformance across their supply chains. Our global risk assessment and audit programs generate valuable data and drive improvement and transparency across our supply chains. The data they provide enables us to effectively understand nonconformance risks and develop strategies and programs to address such risks.

If our audits detect non-conformances in our supply chain, our Devices Responsible Sourcing, Strategic Sourcing, and Manufacturing Teams work closely with non-conformant suppliers to develop corrective action plans to resolve the issues detected (called "Audit Findings"), including building capabilities through education and training. Suppliers are required to identify the root cause of any non-conformance, establish a corrective action plan, and implement corrective actions and preventative actions for all detected nonconformance issues. Suppliers must correct issues within specific deadlines based on the severity of the nonconformance or risk termination of the Microsoft business relationship.

Measures to ensure that Microsoft staff and business partners have adequate awareness, knowledge, and tools to identify and report human rights abuses

Microsoft employees are trained annually on Microsoft's Standards of Business Conduct, which require employees to uphold ethical business practices and achieve legal and regulatory compliance. Microsoft expects the companies, with which we do business, to embrace this commitment to integrity by complying with—and training their employees on—the Microsoft Supplier Code of Conduct and our Partner Code of Conduct, which both leverage Standards of Business Conduct principles.

Our [Business Conduct Hotline](#) provides an anonymous reporting mechanism for internal and external stakeholders to raise integrity concerns, including concerns about forced labor and human rights abuses. We also conduct trainings for our suppliers and Microsoft employees to raise awareness about forced labor issues. We leverage the Microsoft SEA Academy online learning platform to extend the scope of our forced labor training to cover our global hardware supply chain. Our Workers' Voice Hotline provides our hardware supply chain factory workers in China with an anonymous way to report workplace concerns to

a third party, providing an effective mechanism for raising factory grievances, including forced labor concerns.

Concrete steps to exercise leverage, in line with the UN Guiding Principles, to prevent, mitigate, and report any human rights abuses detected in our supply chains

We have proactively worked to prevent, control, and eliminate forced labor risks in our Devices and Cloud supply chain for many years. We collect labor demographics from our suppliers and strive to monitor and control labor risks in a systematic way. For our Device and Cloud hardware suppliers, we have further strengthened our ability to identify potential forced labor risk in our supply chain and hold our suppliers accountable by establishing (1) a reporting mechanism, which includes a requirement for suppliers to report any use of ethnic minority workers and foreign migrant workers in their operations in high-risk regions; and (2) a risk screening stage during the supplier onboarding process to help identify potential forced labor risk. After onboarding, we work closely with our suppliers to direct and influence their conformance to our requirements, including our forced labor prohibitions. We continue to monitor these issues closely and work to protect workers in our supply chain as outlined in our Modern Slavery and Human Trafficking Statement.

Remediation of adverse impacts on human rights and grievance mechanisms

Since 2014, we have provided a third-party managed Workers' Voice Hotline program, which allows our hardware supply chain factory workers in China to anonymously raise and discuss their workplace concerns with third-party hotline operators, who are tasked to resolve worker grievances and disputes through effective grievance procedures. The Hotline's procedures were developed in alignment with industrial standards, including those set by the Responsible Business Alliance (RBA) Code of Conduct. The Hotline provides a real-time monitoring mechanism that can detect and respond to potential issues that may not be identified through regular factory audits. As detailed in our Annual Devices Sustainability Report, we work directly with suppliers to address worker concerns and grievances that are identified through the Hotline, including conducting on-site investigations to verify and address reported cases. To date, we have not received any forced labor reports regarding the Xinjiang region.

We appreciate the opportunity to respond to the Joint Communication. Please let us know if you have any further questions. You can reach us at askSEA@microsoft.com.

Sincerely,



Brad Smith
Microsoft President