

# Responsible Sourcing of Raw Materials Policy

## Our Vision

We hold ourselves and our supply chain accountable to address the risks associated with raw materials extraction, harvesting, processing, refining and transportation. We envision a future where all raw materials, unbounded by specific materials or locations, are sourced from responsible suppliers.





## Our Standards

The Microsoft [Supplier Code of Conduct](#) (SCoC) requires all Microsoft suppliers to design and implement specialized due diligence systems to track and monitor human rights and associated environmental risks linked to the extraction, transport, and use of all raw materials. The Microsoft Responsible Sourcing of Raw Materials (RSRM) Policy is aligned with international frameworks<sup>1</sup> and extends our SCoC to the furthest reaches of our upstream supply chain in support of human rights; labor, health, safety and environmental protection; and business ethics. This policy applies to minerals and materials used in our products, used to support our services, and used in our packaging. We require our suppliers to incorporate the RSRM Policy into their own sourcing practices, contracts and supplier management systems. We believe, through strong partnerships with our suppliers and key stakeholders, we can positively influence our raw materials supply chain. Further information on Microsoft's responsible sourcing initiatives and commitment to respecting human rights is available in our [Global Human Rights Statement](#), [Supply Chain Human Rights Policy Statement](#), and [Human Rights Transparency Report](#).<sup>2</sup>

<sup>1</sup> Including but not limited to the UN Guiding Principles on Business and Human Rights; the OECD Guidelines for Multinational Enterprises; the OECD Due Diligence Guidance for Responsible Business Conduct; and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

<sup>2</sup> This policy aligns with the requirements of the EU Regulation 2023/1542 concerning batteries and waste batteries ("EU Battery Regulation") and serves as Microsoft's EU Battery Regulation due diligence policy.

Our RSRM requirements are an extension of Microsoft values:

 <p><b>Health and Safety</b></p> <ul style="list-style-type: none"> <li>Occupational Safety</li> <li>Emergency Preparedness</li> <li>Occupational Injury and Illness</li> <li>Industrial Hygiene</li> <li>Physically Demanding Work</li> <li>Machine Safeguarding</li> <li>Sanitation, Food, Housing</li> <li>Health and Safety Communication</li> </ul>	 <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Environmental Permits and Reporting</li> <li>Pollution Prevention and Resource Reduction</li> <li>Hazardous Substances</li> <li>Wastewater and Solid Waste</li> <li>Air Emissions</li> <li>Restricted Substance Control</li> <li>Water Management</li> <li>Sustainability</li> </ul>	 <p><b>Labor</b></p> <ul style="list-style-type: none"> <li>Freely Chosen Employment</li> <li>Child Labor Avoidance and Young Workers</li> <li>Working Hours</li> <li>Wages and Benefits</li> <li>Humane Treatment</li> <li>No Discrimination and No Harassment</li> <li>Freedom of Association</li> </ul>	 <p><b>Ethics</b></p> <ul style="list-style-type: none"> <li>Business Integrity</li> <li>No Improper Advantage</li> <li>Disclosure of Information</li> <li>Intellectual Property</li> <li>Fair Business, Advertising and Competition</li> <li>Protection of Identity and Non-Retaliation</li> <li>Responsible Sourcing of Minerals</li> <li>Privacy</li> </ul>
<b>Management Systems</b>			
<ul style="list-style-type: none"> <li>Company Commitments</li> <li>Management Accountabilities</li> <li>Legal and Customer Requirements</li> <li>Risk Assessment and Risk Management</li> <li>Improvement Objectives</li> <li>Training</li> </ul>		<ul style="list-style-type: none"> <li>Communication</li> <li>Worker Feedback and Participation</li> <li>Audits and Assessments</li> <li>Root Cause Analysis, Corrective and Preventive Action Process</li> <li>Document and Records</li> <li>Supplier Sub-Tier Supplier Responsibilities</li> </ul>	

## Our Policy

**1- Supply Chain Identification and Risk Assessment:** Microsoft works with suppliers and third-party vendors to assess risks in our supply chains, including identifying and prioritizing environmental and human rights risks.<sup>3</sup> As part of this effort, we coordinate with our suppliers to map the supply chain of identified key raw materials<sup>4</sup> to their raw material source where they are extracted and harvested. Our supply chain due diligence efforts align with the [Organization for Economic Co-operation and Development \(OECD\) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#). We complement our supply chain information with independent research, third party materials, country risk information, and participation in industry groups like the Responsible Minerals Initiative to develop complete risk profiles for key materials used in our products. This allows us to prioritize and focus our due diligence and risk management efforts accordingly.

**2- Risk Management:** Microsoft manages supply chain risks through integration of our RSRM requirements into our supplier agreements. All directly contracted suppliers are required to meet these standards and, based on the supplier category and risk profile, conformance is validated through independent audits, investigations, or inspections. Microsoft works to assist our suppliers in their efforts to incorporate the RSRM Policy into their own sourcing policies, procedures, and contracts. This enables Microsoft's RSRM requirements to be cascaded deeper into our supply chain and extends our due diligence to upstream suppliers where Microsoft may not have a contractual relationship.

<sup>3</sup> Annex A of the Microsoft Supply Chain Human Rights Policy Statement provides a non-exhaustive list of risk areas in scope of due diligence assessments.

<sup>4</sup> Prioritized raw materials vary by supplier and include, where relevant, raw materials listed in Annex X, point 1 of the EU Battery Regulation.

- 3- Capability Building:** We partner with external stakeholders to build capacity in our upstream supply chain to reach our shared goals. We invest in programs that improve industry due diligence capabilities to drive further transparency and accountability. We also provide training for our Microsoft employees, suppliers, and, through industry initiatives, raw materials processors, to build awareness and their ability to conduct due diligence.
- 4- Transparency:** We welcome principle-based, open, and honest conversations with our stakeholders. Increasing the transparency of our supply chain due diligence can identify opportunities for program improvements and further collaboration. We strive to share accurate, timely, and relevant information about our supply chain's responsible sourcing activities and challenges with the public and our suppliers, including through our annual [Human Rights Transparency Report](#) and [Conflict Minerals Report](#).
- 5- Partnerships:** Microsoft believes that we can improve practices associated with raw material sourcing through participation in collaborative initiatives. Microsoft desires to positively impact our supply chains end-to-end. We partner closely with organizations that address human rights and environmental concerns. An integrated approach is the most effective means to improve conditions for the planet and people working in raw material supply chains.
- 6- Oversight:** The Environmental, Social, and Public Policy (ESPP) Committee of Microsoft's Board of Directors reviews key non-financial risks, including human rights concerns, that could impact the company's trust with customers and the public. Microsoft's Corporate, External, and Legal Affairs (CELA) organization is responsible for driving the company's human rights program at an operational level. Within CELA, the Responsible Business Practices (RBP) team coordinates across the enterprise to standardize supply chain due diligence practices. RBP acts as a hub for collaboration on the company's supply chain due diligence strategy, including supply chain governance structures, compliance requirements (covering environment, health and safety, human rights, and ethics), risk identification and mitigation, internal and external training, stakeholder and rightsholder engagement, and reporting practices. The team monitors progress against the company's supply chain due diligence strategy and coordinates regular updates to relevant senior leadership.
- 7- Grievance Mechanisms:** Remedy is an integral part of the corporate responsibility to respect human rights, and we are committed to providing effective grievance mechanisms and access to remedy in situations where Microsoft may have caused, contributed to, or otherwise been directly linked with an adverse human rights or environmental impact. Microsoft has adopted a comprehensive approach to creating grievance channels and managing reports related to human rights and environmental risks. Our SCoC requires suppliers to provide effective grievance procedures to their employees and to cascade information about their and Microsoft's grievance reporting channels to sub-tier suppliers. All grievances reported to Microsoft are tracked, investigated, and used to improve our supplier processes and programs. Further information on our publicly accessible grievance channels and remediation measures is provided in our Global Human Rights Statement and Human Rights Transparency Report.