**Microsoft Corporation**

**UN Global Compact – Communication on Progress**

 **January 2011**

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| **UN GLOBAL COMPACT PRINCIPLE** | **MICROSOFT’S POSITION** | **PROGRESS HIGHLIGHTS** |
| **Human Rights** |
| **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and | At Microsoft, we recognize the impact that business, particularly multinational corporations, can have on the realization of fundamental human rights. Through our business operations and our citizenship efforts, we seek to help more people and organizations realize their full human potential, including advancing respect for human rights around the world. | * Spent more than US$1 billion with women- and minority-owned suppliers and vendors in fiscal year 2010 (referred to as FY2010), which ran from July 2009-June 2010
* Invested US$299 million in employee training programs, US$45 million in employee wellness programs, and US$50 million in life and disability insurance programs in FY2010
* Continued to protect and advance freedom of expression and privacy through participation in the Global Network Initiative
* In FY2010, 99 percent of employees completed training on our Standards of Business Conduct
* Human rights standards are guided by the UN Declaration of Human Rights (UNDHR)
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| **Principle 2:** make sure that they are not complicit in human rights abuses. |
| **Labor Standards** |  |  |
| **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | Our 88,000 employees drive our business, and we have a responsibility to create a respectful and rewarding work environment for them.We also view our supply chain - which includes around 62,000 contractors, suppliers and vendors - as an extension of the Microsoft business, so their conduct, conditions, and welfare are important to the sustainability of our business. | * In FY2010, the Global Microsoft Vendor Program audited 2,000 of our largest vendors in the United States Asia, Latin America, Europe, the Middle East and Canada, and had a response rate of 35 percent
* Initiated a special on-site audit at a supplier factory in Dongguan, China that charged employee mistreatment. This prompted us to look for ways to enhance our Code of Conduct and monitoring processes to ensure the fair treatment of all workers in our supply chain
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| **Principle 4:** the elimination of all forms of forced and compulsory labor; |
| **Principle 5**: the effective abolition of child labor; and | * In FY2010, the Global Microsoft Vendor Program audited 2,000 of our largest vendors to ensure they follow the Vendor Code of Conduct, which prohibits child labor
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| **Principle 6:** the elimination of discrimination in respect of employment and occupation. | * Spent over US$1 billion in FY2010 with suppliers that are woman-owned, minority-owned, or veteran-owned
* Provided training on diversity and inclusion topics for our workforce in FY2010
* Held a six-week Diversity and Inclusion "Back to Basics" program for employees in Asia in in FY2010
* Recognized as one of America's Top Corporations for Women's Business Enterprises, one of Working Mother's 100 Best Companies for Working Mothers, and one of the Human Rights Campaign Foundation's Best Places to Work
* Named a “Great Place to Work” by the Great Place to Work Institute in 13 countries in FY2010
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| **ENVIRONMENT** |  |  |
| **Principle 7:** Businesses should support a precautionary approach to environmental challenges; | Microsoft is committed to software and technology innovation that helps people and organizations around the world improve the environment. Our goals are to reduce the impact of our operations and products and to drive responsible environmental leadership. Microsoft Environmental Sustainability Strategy focuses on three core areas: 1. **Using information technology to improve energy efficiency**: We are working to unlock technology's potential to enable a more energy-efficient economy.
2. **Accelerating research breakthroughs**: We are researching and developing technologies to help solve environmental challenges.
3. **Demonstrating responsible environmental leadership**: We are focused on incorporating sustainable practices into our operations and minimizing our own environmental footprint, while growing our business.
 | * Opened and operated new data centers in FY2010 that consume 50 percent less energy than those built just three years ago
* Helped develop the EU Code of Conduct for Data Centers
* Continued to work with the Climate Savers Computing Initiative (CSCI) to reduce the IT industry's carbon footprint by 54 million metric tons a year by 2010
* Participated in the UN Climate Change Conference 2009 (COP15) in December 2009 to share best practices on how IT can address energy challenges
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| **Principle 8:** undertake initiatives to promote greater environmental responsibility; and | * Partnered with the Carbon Disclosure Project (CDP), Accenture, and SAP to help the CDP enhance its reporting infrastructure to enable companies to report more detailed and standardized information about their environmental impact
* Released our 2010 Corporate Citizenship report, which highlighted our commitment to environmental sustainability in our operations supply chain, and beyond
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| **Principle 9:** encourage the development and diffusion of environmentally friendly technologies. | * Released Windows 7, our most energy efficient operating system to date, for retail sale in October 2009
* Created a free "power savings calculator" that is available to customers
* In June 2009, launched [Microsoft Hohm](http://www.microsoft-hohm.com/)**,** a free, cloud-based application that helps consumers better understand their at-home energy use and save energy and money
* Along with the [European Environment Agency](http://www.eea.europa.eu/) (EEA), launched [Air Watch](http://www.eyeonearth.eu/) in November 2009, a new application that enables EU citizens to access up-to-date, easy-to-understand information on air quality
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| **ANTI-CORRUPTION** |  |  |
| **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery. | Microsoft does not tolerate any kind of bribery or corruption. Every employee is expected to comply with the Microsoft Standards of Business Conduct and receives training on ethical conduct and environmental practices as part of new employee orientation.Microsoft is also committed to competing responsibly. We continue to believe that customers should be able to select the best technology tool for their needs. We promote interoperability so that hardware and software from various vendors can work well together. We work with other developers—including the open source community—to develop interoperable solutions, share intellectual property to stimulate innovation, and participate in industry organizations and communities. | * Continued to implement our Vendor Code of Conduct in FY2010, which requires compliance with Microsoft standards, values, and practices and is available in 35 languages
* Trained over 99 percent of employees on Microsoft Standards of Business Conduct in FY2010, a collective commitment to ethical business behavior and to legal and regulatory compliance. The document is available in eight languages
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**Letter of Commitment from Microsoft’s Chief Executive Officer**

Four years after we first announced our commitment to the United Nations (UN) Global Compact, we are pleased to reaffirm that commitment and to our ongoing support for its ten principles.

Microsoft’s mission is to help people and businesses throughout the world realize their full potential. Our efforts to achieve that mission are guided by the principles of the UN Global Compact, and positively affect our employees, investors, customers, partners, and the communities where we live and work. In the past few years, we have worked to embed all ten principles into how we conduct our business, spanning human rights, labor, the environment, and business ethics. Highlights are detailed in this Communication on Progress (COP), as well as in our [2010 Citizenship Report](http://www.microsoft.com/CitizenshipReport).

We continue to view the UN Global Compact as an important guide for Microsoft, and are pleased to continue our active support and engagement.

Sincerely,

Sincerely,



Steven A. Ballmer
Chief Executive Officer
Microsoft Corporation

**2011 Communication on Progress**

Microsoft’s endorsement of the United Nations (UN) Global Compact signifies that we are committed to aligning our business operations and strategies with 10 established principles that span human rights, labor, the environment, and business ethics. These principles—which correspond to our global corporate citizenship commitments—help guide our efforts to achieve greater accountability and drive continuous improvement in our business practices. Our involvement in the UN Global Compact also brings new opportunities to partner with other organizations that share our commitments.

***Microsoft Corporate Citizenship:*** [*www.microsoft.com/citizenship*](http://www.microsoft.com/citizenship)

Microsoft endorsed the UN Global Compact (UNGC) and the Millennium Development Goals (MDGs) several years ago. Since then, these have served as important frameworks as we deepen our corporate citizenship and involvement in sustainable development, and as we review and develop our policy objectives and operational practices. Microsoft’s policies and principles, including issues such as technology policy, freedom of expression, environment, and the UNGC are posted on our Web site at <http://www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/principles/>

Guided by the Global Reporting Initiative (GRI) reporting framework, Microsoft reports annually on our corporate citizenship performance. In addition, we provide GRI-based data to analysts using the “One Report” format. Each year, this report includes detailed sections on environment, labor practices, human rights, and anti-corruption. The 2010 Corporate Citizenship report is posted on our Web site: <http://www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/reporting/>

We also report in detail on our impact around the world through the interactive [Microsoft Local Impact Map](http://www.microsoft.com/About/CorporateCitizenship/map/app/default.htm#data=SEz7493zzz) on our Web site, which is updated biannually. The map shows how Microsoft and our partners enable social and economic opportunity in communities everywhere and can be viewed at <http://www.microsoft.com/about/corporatecitizenship/map/app/>

The “UN Global Compact Communication on Progress” is posted on the internal Citizenship Web portal and on our public Web site. For more information about our citizenship performance reporting, visit the Reporting page of the Corporate Citizenship Web site at <http://www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/reporting/>

**Human Rights**

*Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and*

*Principle 2: make sure that they are not complicit in human rights abuses.*

The core mission of Microsoft is to help more of the world’s citizens and societies realize their full potential. A key aspect of this mission is to help people take advantage of the capabilities that today’s global networks and technology provide, such as access to reliable information, opportunities for self-expression, engagement with public issues, and the ability to connect across borders. We recognize that Internet communication companies play a valuable role in realizing individual rights to freedom of expression and privacy and we know we can help to enable the realization of human rights.

**Programs and Commitments**

* **Microsoft Unlimited Potential:** The goal of Unlimited Potential is to bring the benefits of information and communications technology to everyone who currently does not have access to it. We aim to reach the next one billion people by 2015. Microsoft is partnering with governments, educators, academics, industry partners, and nongovernmental organizations, including those supporting human rights, to enable new avenues of social and economic empowerment for the underserved populations of the world. For more information on Unlimited Potential, visit [www.microsoft.com/about/corporatecitizenship/en-us/community-tools/](http://www.microsoft.com/about/corporatecitizenship/en-us/community-tools/).
* **Partners in Learning (PiL):** Microsoft is committed to bridging development gaps and helping realize basic rights by improving education and providing young people with the skills they need to become productive members of society. Since its launch in 2003, PiL has touched the lives of more than 200 million students and teachers in 114 countries. Read more about it here: <http://www.microsoft.com/education/pil/partnersInLearning.aspx>.
* **CGI Commitment to Support Refugees**: In 2008, Microsoft launched an extension of the Community Technology Access (CTA) program as a commitment to the [Clinton Global Initiative](http://www.clintonglobalinitiative.org). Working with the Office of the United Nations High Commissioner for Refugees (UNHCR), this program is increasing access to technology in the most challenging of settings – refugee camps. The fundamental goal of CTA is to give people the skills and content needed to pursue opportunities inside and outside of the camps, such as education, entrepreneurship, and communication.
* **UN Millennium Development Goals**: Microsoft is an industry supporter of the UN Millennium Development Goals and the Business Call to Action. For more information on the Millennium Development Goals, see [www.un.org/millenniumgoals/](http://www.un.org/millenniumgoals/).
* **Global Network Initiative**: We work with leading human rights groups and industry peers to promote and follow the Global Network Initiative, an organization dedicated to advancing Internet freedom. We also supported the 2010 Data Privacy Day, working with governments, advocates and industry across the United States, Europe, and the Middle East. Visit [www.globalnetworkinitiative.org](http://www.globalnetworkinitiative.org) for more information.
* **Innovative Technologies**: [Bing](http://www.bing.com/) search, [Windows Live](http://www.windowslive.com) services such as Hotmail and Windows Live Spaces blogging, and both software and “cloud computing” solutions provide access to information and communications capabilities in countries around the world.
* **Unilateral Software License for NGOs:** In 2010, Microsoft announced the immediate availability of a unilateral software license for non-governmental organizations (NGOs) and small, independent media operating in a number of countries: Armenia, Azerbaijan, Belarus, China, Kazakhstan, Kyrgyzstan, Malaysia, Russia, Tajikistan, Turkmenistan, Uzbekistan, and Vietnam. This unilateral software license agreement grants NGOs and small, independent media organizations a limited, non-transferable, royalty-free right to use Microsoft software products already installed on their PCs. We are making this software license available in countries where our current program is in place but the benefits are not as widely known or understood as we would like.

**Human Rights and our Business Operations**

Over the last several years, we have increasingly integrated support and respect for internationally proclaimed human rights into our business operations, and we are implementing the guidelines of the [Global Network Initiative](http://www.globalnetworkinitiative.org/) to address risks of complicity ([www.globalnetworkinitiative.org](http://www.globalnetworkinitiative.org)). We continue to invest in our work on community engagement, workforce development, skills training, and disaster relief. For the latest information about these Microsoft programs, see the Community page on the Corporate Citizenship Web site at [www.microsoft.com/about/corporatecitizenship/en-us/our-actions/in-the-community](http://www.microsoft.com/about/corporatecitizenship/en-us/our-actions/in-the-community).

We recognize that realizing human rights also involves Microsoft adopting and enforcing policies to ensure that rights are respected within our own company, and to encourage respect for rights in the countries where we do business. The following are examples of such policies:

* Fair employment practices are part of our commitment to responsible business practices and human rights. Microsoft policy prohibits discrimination in hiring, compensation, access to training, promotion, termination, or retirement when such discrimination is based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership, or political affiliation.
* Microsoft encourages balance between work and personal life, providing benefits such as referral services, proactive health programs, financial education, maternity and parental leave allowances, flexible work arrangements such as part-time schedules and telecommuting, and other programs. The offerings are continuously reviewed and updated to reflect the interests and needs of our employees around the globe.
* Microsoft currently employs 88,000 people from more than 100 different countries/regions. We have written policies that cover equal opportunities and anti-discrimination for all employees globally, and we are a widely recognized leader in workplace diversity and inclusion.
* Our Vendor Code of Conduct refers vendors to our own commitments in this regard, and to our commitments regarding legal compliance, privacy and security, corruption, and bribery, and can be downloaded [here](http://download.microsoft.com/download/5/e/d/5ed9edad-7ed3-48cf-91bb-d526e54e547b/Microsoft%20Vendor%20Code%20of%20Conduct%20091404.pdf).
* We have internal policies that are designed to promote respect for free expression and privacy when we respond to government demands to remove content or to provide personal information about our users. These align with the Principles and Implementation Guidelines of the Global Network Initiative.

For additional information about the Microsoft policies that relate to human rights issues, see the “Operating Responsibly” section of the online version of the Citizenship Report [here](http://www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/reporting/operating-responsibly/).

**Labor Standards**

*Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

*Principle 4: the elimination of all forms of forced and compulsory labor;*

*Principle 5: the effective abolition of child labor; and*

*Principle 6: the elimination of discrimination in respect of employment and occupation.*

**Outside of our Organization**

We believe in working proactively with the strongest, most responsible, and most productive suppliers that are available to deliver value to our customers, and we expect our suppliers to share our corporate values and operating philosophy. This means adhering to the same honesty, integrity, and commitment to service and quality that we demand from our employees; behaving responsibly toward the environment; ensuring workforce and supplier diversity in their own supply chains; and providing fair and safe working conditions for their employees.

As a company that sells a wide range of hardware and devices, we take very seriously our corporate responsibility to ensure that the manufacturing facilities and supply chain operations that we use comply with all relevant labor and safety requirements and ensure fair treatment of workers.  We have [rigorous standards in place](http://www.microsoft.com/about/companyinformation/procurement/process/contracting.mspx), and have established a robust supplier Social and Environmental Accountability (SEA) program.

Before we hire suppliers, we conduct audits to check for restricted substances, quality, social, and environmental accountability, and supply chain security. We continue to audit our leading suppliers annually, conduct semiannual review meetings to discuss their performance, and have escalation procedures that we can implement if compliance issues are not resolved.

To ensure that our suppliers understand the depth of our commitment to citizenship and social responsibility, we ask them to carefully review our Microsoft Vendor Code of Conduct, and we routinely monitor code compliance among our top suppliers and hardware manufacturers. The Vendor Code of Conduct is now part of the Microsoft Vendor Program Agreement, the contract that our leading vendors must sign to initiate or renew a business relationship with Microsoft, and vendor guidelines can be viewed [here](http://www.microsoft.com/About/CompanyInformation/procurement/process/contracting.mspx).

In 2010, we were very concerned when we saw a report by the National Labor Committee (NLC) alleging that conditions at a factory operated by KYE in Dongguan, China, were adversely impacting workers.  As a result of this report, we sent a team of independent auditors to the facility to conduct a complete and thorough investigation and took all appropriate steps to ensure the fair treatment of the KYE workers. For more information on our supply chain, visit the Operating Responsibly section of our citizenship report [here](http://www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/reporting/operating-responsibly/responsible-sourcing/).

Microsoft seeks to ensure that we treat our suppliers fairly and responsibly. In FY2010, the Global Microsoft Vendor Program (MSVP) Team surveyed more than 2,000 vendors in the United States, Asia, Latin America, Europe, the Middle East, and Canada, and had a response rate of 35 percent. (MSVP vendors constitute our preferred supplier base and represent about 80 percent of our overall procurement spending). We're gratified that more than 90 percent of MSVP vendors reported their Microsoft business relationship to be better than that with their other clients.

**Within Microsoft**

Microsoft promotes a cooperative and productive work environment by supporting the cultural and ethnic diversity of its workforce and is committed to providing equal employment opportunity to all qualified employees and applicants. Microsoft does not unlawfully discriminate based on race, color, sex, sexual orientation, religion, national origin, marital status, age, disability, or veteran status in any personnel practice, including recruitment, hiring, training, promotion, and discipline. We take allegations of harassment and unlawful discrimination seriously and address such concerns that are raised regarding this policy. For more information about our commitment to diversity and inclusion, visit [www.microsoft.com/about/diversity](http://www.microsoft.com/about/diversity).

Microsoft has established a number of initiatives to promote and integrate diversity at every level within our organization, and to demonstrate this commitment locally, nationally, and globally. For example:

* **Diversity Education Programs** - These programs reinforce our commitment to diversity and ensure that our employees have the tools and resources that they need to grow professionally. The emphasis is on understanding and valuing differences, and using them to compete effectively in an ever-changing marketplace.
* **People with Disabilities** - Microsoft wholeheartedly supports the spirit of the Americans with Disabilities Act. In addition, we provide grants to innovative endeavors that address the technology needs of the disability community and support programs that use technology to increase employment.
* **Diversity Advisory Councils** –To help foster diversity, Microsoft has a rich community of employee affinity groups. In FY2010, these councils were restructured into about 50 Employee Resource Groups and Employee Networks to align with Microsoft business needs and enhance our focus on inclusion.
* **Microsoft Outreach** - Our company is committed to encouraging the next generation of technology leaders. For example, the Blacks at Microsoft Diversity Advisory Council hosts an annual day to encourage minority students to pursue careers in technology.
* **Women at Microsoft** - Microsoft is committed to attracting talented women to the company by providing generous work-life balance programs and opportunities for leadership-development and career-development. Women comprise 24% of the global Microsoft workforce and 40 women serve in executive positions. We have developed relationships with key women and minority professional organizations across the country. We participate in conferences and career fairs, facilitate workshops, and support annual events. Visit the Microsoft careers page at [members.microsoft.com/careers/women](http://members.microsoft.com/careers/women/default.mspx).

For more information about Microsoft policies that relate to labor issues, see the Employees and Suppliers page on the Corporate Citizenship Web site at [www.microsoft.com/about/corporatecitizenship/en-us/our-focus/operating-responsibly/employees-and-suppliers.aspx](http://www.microsoft.com/about/corporatecitizenship/en-us/our-focus/operating-responsibly/employees-and-suppliers.aspx)**.**

**Environment**

*Principle 7: Business should support a precautionary approach to environmental challenges;*

*Principle 8: undertake initiatives to promote greater environmental responsibility; and*

*Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

To address the challenge of environmental sustainability, Microsoft is focusing on **using information technology to improve energy efficiency, accelerating research breakthroughs, and demonstrating responsible environmental leadership**. Our goal is to reduce the environmental impact of our operations and products and to be a leader in environmental responsibility.

**Our Precautionary Approach**

Microsoft is committed to phasing out substances in its consumer hardware electronic products that pose a risk or threatened risk to human health or the environment. We try to restrict the use of such substances, and that is why our starting point is the precautionary principle. The precautionary principle was defined in the UN Rio declaration as, “Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.” We believe that acting preventatively to reach a sustainable use of natural resources and a sound environment creates better products. For information about our adoption of the precautionary principle, download the Precautionary Principle document [here](http://download.microsoft.com/download/b/0/a/b0a74c2b-185d-47e6-9e42-20d64d63d5ed/Precautionary_Principle.docx). For the latest information about how this is applied to restrict potentially hazardous substances in our products, download the document Restricted Substances for Hardware Products [here](http://download.microsoft.com/download/1/9/9/199b2229-c731-47b2-b420-a6806027d5d5/Restricted_Substances_for_Hardware_Products.docx).

**How we Promote Environmental Responsibility**

Each year, Microsoft voluntarily measures our carbon footprint and provides annual reports publicly on greenhouse gas emissions to the Carbon Disclosure Project (CDP). For calendar year 2009, we reported emissions of 1,299,356 metric tons of CO₂ equivalent (Scope 1, Scope 2, and Scope 3 employee travel). To reduce this level to meet our 2012 goal, we have identified four major areas of our business operations for particular attention: data centers, travel, buildings, and computer labs.

We have taken many steps to reduce our carbon footprint with the goal of reducing our **carbon emissions per unit of revenue by 30 percent by 2012 compared with 2007**. In the past year, Microsoft opened and operated new data centers that consume 50 percent less energy than those built just three years ago. In FY2011, we will continue to work to reduce the Power Use Effectiveness (PUE) of our new data center designs. Our goal by 2012 is to construct new data centers that average 1.125 in PUE (the industry average is currently 2; optimal energy use is 1).

In addition to energy efficient data centers, we also achieved a 35 percent reduction in carbon emissions from travel in FY2010 and finished our first purpose-built Research & Development Support facility. This facility is designed to consolidate computer labs and servers, and ultimately to deliver an overall carbon savings of 12,000 metric tons per year.

Our dedication to reducing our own carbon footprint is further shown in the leadership role we have taken in industry efforts to promote sustainability. We are currently working with the Climate Savers Computing Initiative (CSCI) to reduce the IT industry's carbon footprint by over 50 million metric tons a year by 2010. This past year we chaired CSCI's Power Down for the Planet college campaign, hosted the summer board meeting, and recruited several new companies to the CSCI board. We also helped develop the EU Code of Conduct for Data Centers, a voluntary commitment to implement energy efficiency best practices within data centers.

Microsoft also works to increase recycling of our products and of all consumer electronics after use. As part of this effort, in April 2010 Microsoft joined Dell and Goodwill Industries International in the Reconnect computer recycling program, which lets consumers recycle used personal electronics at no cost.

In FY2010 at Microsoft headquarters (which represents about half of our total office space), we diverted 63 percent of our solid waste from landfills through recycling and composting programs—up from 59 percent in FY2009. As a result of this effort and others, the dining program at our main campus in Redmond became a Green Restaurant Association 2-Star Certified Green Restaurant—the first and only corporate dining program to earn this recognition.

**Environmentally Responsible Products**

To promote energy-efficient computing,Microsoft is helping to reduce the impact of computing on the environment through power management at the software and enterprise level.

In FY2010, we continued to deploy the [Windows 7](http://www.microsoft.com/windows/windows-7/) operating system, which uses less energy than any previous Microsoft operating system, and includes tools to identify applications that are unnecessarily using energy. We also continue to develop Microsoft products and technologies that increase hardware utilization, minimize energy consumption, and maximize efficiency. One such example is [Microsoft Hohm](http://www.microsoft-hohm.com/), a free, cloud-based application to help consumers better understand their at-home energy use and get recommendations to save energy and money. In FY2011, Ford will integrate Microsoft Hohm into its electric vehicle models, beginning with the Ford Focus Electric, to help drivers track their energy usage.

Additionally, we launched the Microsoft Smart Energy Reference Architecture, a roadmap to help utility companies solve integration issues that are associated with smart grid development and energy ecosystem advancement and expanded our partnership with the [European Environment Agency](http://www.eea.europa.eu/) (EEA) to create [Air Watch](http://www.eyeonearth.eu/), a new application that enables EU citizens to access up-to-date, easy-to-understand information on air quality.

**Research and Innovation**

Microsoft Research, the company’s unique basic and applied research group,is committed to delivering breakthrough innovations in research in the areas of energy efficiency and conservation, weather study and prediction, air pollution and quality, climate change, and hydrology. Microsoft Research efforts range from sensor networks to assist scientists in understanding global ecological issues by tracking animals to Web-enabled sensors that could be used in businesses and homes to monitor energy consumption. Microsoft Research also has several projects that aim to provide technology expertise and tools to scientists in an effort to improve how data is accessed and used.

**Environmental Leadership**

Microsoft is also partnering with other leading organizations on new tools to promote environmental sustainability. For example, Microsoft and the Clinton Foundation are creating tools to enable cities around the globe to measure, track, and improve their greenhouse gas emissions. Using these tools, cities can collaborate and share best practices on the most effective ways to reduce greenhouse gas emissions.

At the 2009 COP15 UN Climate Summit in Copenhagen, we launched several initiatives with the European Environment Agency (EEA) to address energy and climate change. These initiatives include the [Environmental Atlas of Europe](http://environmental-atlas.cloudapp.net), an online digital storytelling platform that includes videos, photos, and data that illustrates the local impact of climate change in Europe, and [Bend the Trend](http://www.eea.europa.eu/cop15/figure-data-sources) is an innovative online pledging program developed by the EEA that enables individuals to reduce their carbon emissions. We also showcased [Eye on Earth](http://eyeonearth.cloudapp.net), an upgraded solution developed with the EEA, which provides real-time environmental data to the EEA’s nearly 600 million citizens in 26 languages using the power of the Windows Azure platform.

In 2010 at the COP16 in Cancun, a team of Microsoft’s energy and environment experts took part in numerous panels, events, and dialogues to highlight for policymakers and others the power of Information Communications Technology (ICT) to contribute significant solutions to the pressing issues of climate change and energy sustainability, such as telepresence, smart buildings, and many more.

At the conference, Microsoft and a coalition of IT companies including Ericsson, unveiled the “[Guadalajara ICT Declaration for Transformative Low-Carbon Solutions](http://www.gesi.org/LinkClick.aspx?fileticket=5j52dDBfUZQ%3d&tabid=130).” Developed in collaboration with the Mexican government, the International Telecommunications Union (a UN agency), and many environmental groups, this declaration offers the ICT sector’s commitment to working with UN policymakers to ensure climate agreements promote the use of transformative ICT solutions that can significantly reduce CO₂ emissions in society, and also play a strong role in climate adaptation.

For more detailed examples and updated information, visit [www.microsoft.com/environment](http://www.microsoft.com/environment).

**Anti-Corruption**

*Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.*

Corruption promotes poverty, hunger, disease, and crime, and it keeps societies and individuals from reaching their full potential. Corruption is one of the leading obstacles to economic and social development. Microsoft is committed to observing the principles that are set forth in the UN Global Compact, and to full compliance with the anti-corruption and anti-money laundering laws of the countries in which it operates, including the United States Foreign Corruption Practices Act.

Microsoft does not tolerate any kind of bribery or corruption. We have adopted and implemented policies that strictly prohibit corruption of government officials and also acts that may promote commercial bribery. These enhanced policies include several procedures and business processes that are designed to help the company prevent corrupt payments.

Every Microsoft employee is required to participate in training regarding the [**Microsoft Standards of Business Conduct**](http://www.microsoft.com/about/legal/en/us/Compliance/Buscond/Default.aspx#standards). This is a collective commitment to ethical business behavior and to legal and regulatory compliance. Additionally, our 62,000 contractors, suppliers, and vendors are guided by our Vendor Code of Conduct, which requires compliance with Microsoft standards, values, and practices. The Vendor Code of Conduct is available in 35 languages.

In 2010, we trained over 99 percent of our employees on Microsoft Standards of Business Conduct. The trainings included topics such as anticorruption, conflicts of interest, and financial integrity in FY2010. We provided the document in eight languages: Chinese (Simplified), Chinese (Traditional), English, French, Japanese, Korean, Russian, and Spanish.

The Microsoft Office of Legal Compliance also partners with the Microsoft Sales, Marketing, and Services Group to run a worldwide compliance committee and regional compliance committees that help promote a culture of compliance throughout the business. All Microsoft employees have access to the [**Microsoft Integrity Web site**](https://www.microsoftintegrity.com/) and toll-free telephone numbers that can be used to report misconduct or discuss compliance or ethics concerns.

For more information about Microsoft policies that relate to our Standards of Business Conduct, see the Compliance and Responsible Competition portion of our Citizenship Report here: [www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/reporting/operating-responsibly/governance-and-compliance/compliance-and-responsible-competition/](http://www.microsoft.com/about/corporatecitizenship/en-us/our-commitments/reporting/operating-responsibly/governance-and-compliance/compliance-and-responsible-competition/).