Microsoft
Corporate Citizenship

Realizing Potential through People,
Technology, and Partnerships
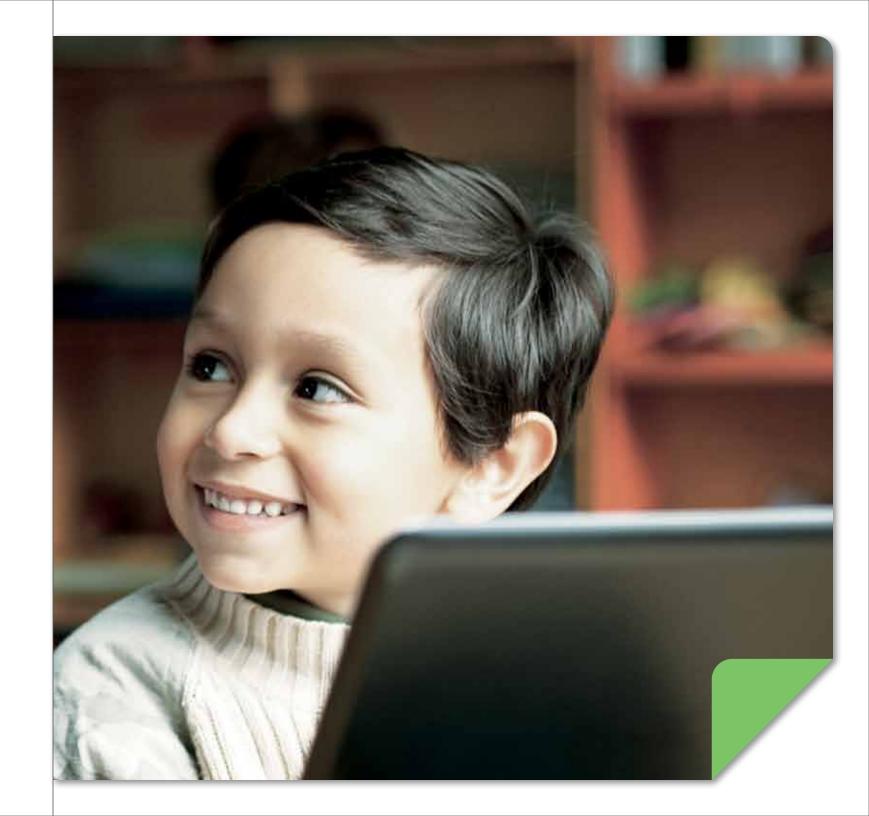
Microsoft

Welcome

At Microsoft, our mission is to help people and businesses around the world realize their full potential. Since the founding of our company, we have felt an intense responsibility to change things for the better. It is underscored by our citizenship programs, which focus on increasing access to technology to help people improve their lives, particularly in underserved communities.

As the world's largest software company—with nearly 90,000 employees and almost 700,000 partners in over 100 countries—we recognize that Microsoft has an important role to play in helping to advance social and economic opportunities in communities around the world. We work closely with governments, community organizations, and other businesses to support efforts to transform those communities through the passion and expertise of our local employees as well as the financial and software resources of the company. In fiscal year 2009, Microsoft and our employees provided over US$560 million in cash, services, and software to nonprofits around the world through localized, company-sponsored giving and volunteer campaigns.

In today's economic environment, it's important that businesses, governments, community organizations, and individuals work together to provide the training, infrastructure, and technology that enable expanded opportunities and sustainable economic growth and prosperity. With the support of our employees, and working with our partners around the world, I believe that Microsoft will continue to make positive and lasting contributions to society.

Steven A. Ballmer
Chief Executive Officer
Microsoft Corporation

Our Mission

At Microsoft, our mission is to help people and businesses around the world realize their full potential. This commitment is rooted in our culture and reflects how and why we do business. Our citizenship work supports our mission and is defined as corporate activities that increase business value and benefit society. As the world's largest software company, we believe that we have the capacity to help improve the lives of people everywhere.

Through our citizenship work, we seek to address some of today's toughest challenges and create new social and economic opportunities. We do this through efforts like Unlimited Potential, where we combine our core strengths—technology and passionate employees—with the competencies of thousands of partners from around the world. This approach mirrors our business strategy, where shared goals are achieved by working with an ecosystem of committed partners, including governments, nongovernmental organizations (NGOs), international organizations, other businesses, academics, and citizens.

We engage on public policy issues related to how technology is used in society. We are strong advocates of the role that technology can play in strengthening economies; its ability to help address the problems faced by society; the benefits of an open, fair, and safe Internet; and the responsibilities we have to operate our business in a responsible and sustainable manner.

Every day, our work is guided by our stakeholders—our employees, partners, customers, shareholders, and communities. Our business is shaped by the shared social, economic, and environmental challenges that face our society.

Creating a Great Place to Work

Our people are our most valuable asset. They are critical to achieving our mission and inspire our citizenship efforts.

We believe that a diverse and inclusive workforce is fundamental to the success of our business. Our employees pledge to adhere to the highest ethical standards and we pledge to provide a workplace that values creativity, offers equal opportunities, and is free of discrimination.

In this spirit of workplace excellence, we also encourage our people to engage openly with a range of stakeholders—from universities and nongovernmental groups to cause-related groups and governments—and we embrace transparency and accountability across our organization.
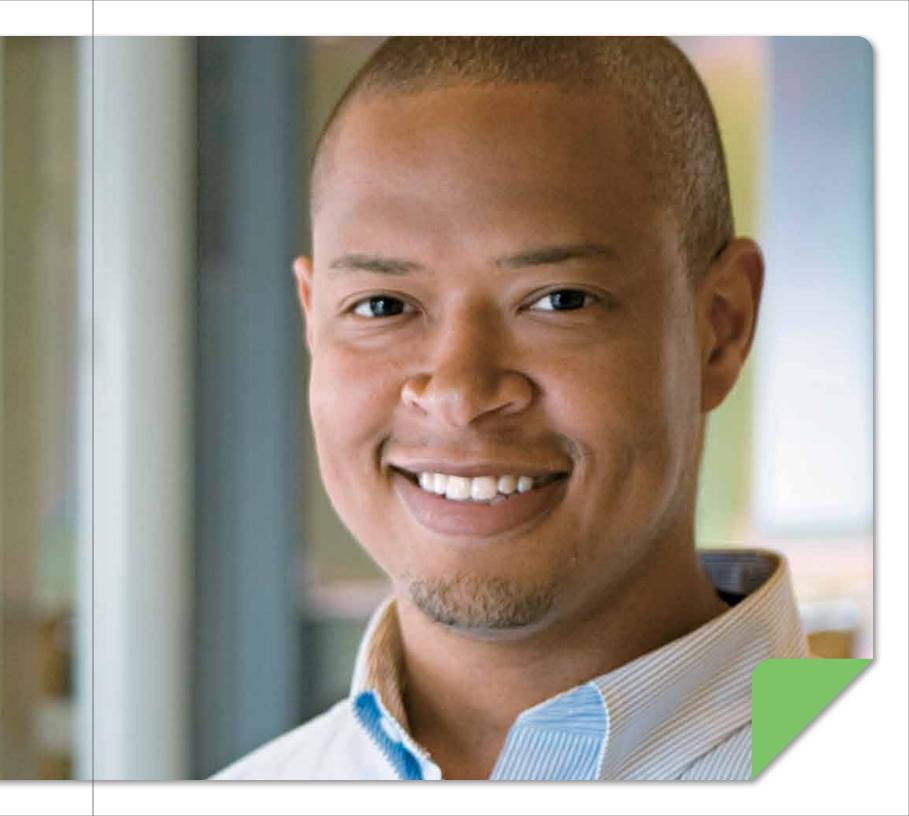
Every Microsoft employee is important to our success, and we invest significantly in their development and wellbeing. A Microsoft employee can enroll in a variety of courses on subjects ranging from increasing skills in the Microsoft core competencies of impact and influence, confidence, cross boundary collaboration, and interpersonal awareness, to expanding their abilities as managers and deepening their understanding of specific technologies. New employees participate in Start@Microsoft Employee Orientation, which includes information about the Microsoft organizational structure, diversity, culture, and history. There is also a range of programs that encourage our people to continue learning outside the company.

We understand that everyone works differently and is motivated by different things. That's why we offer competitive pay and a wide assortment of benefits—to help employees make the most of their life at work and away from it. In exchange for a job well done, we reward employees well, invest in their health and financial future, and—because employees are more than just their job—make sure they have time to pursue their interests and passions away from the office. Even our products and technologies help them balance work with their life away from work by making it easier to work remotely and manage their schedule. We know that employees will enjoy work more and do a better job if they also have a full, rewarding life.

Although we recognize the importance of attractive incentives for long-term business performance, we are fair and measured in the way we compensate our executives. In 2009, we adopted a shareholder "Say-on-Pay" policy. This enables Microsoft shareholders to cast a non-binding, advisory vote every three years on the compensation programs for our senior executive officers. The first vote took place at our November 2009 annual shareholders' meeting, where nearly 99 percent of the ballots received supported compensation practices at Microsoft.

We're proud of the long history, culture, and commitment of our employees to giving and involvement in their communities. In the United States, we match our employees' donations dollar for dollar up to US$12,000 annually per employee. In 2005, we took this one step further by matching volunteer time at US$17 per hour through the Volunteer Time Matching program. Since the program launched in 2005, Microsoft employees in the United States have volunteered over 1 million hours. Outside the United States, employees receive three paid days off every year to volunteer at their organization of choice.

Our commitment to responsible leadership extends to our contractors, partners, and suppliers, where we have adopted policies to promote ethical practices. As essential contributors to our business, their business practices are also critically important to us. We require them to adhere to certain standards and have strong monitoring and remediation mechanisms to deal with infractions.

Developing Jobs and Opportunities

The Microsoft business model fosters job creation and economic prosperity. It also spurs innovation and creates economic opportunities worldwide.

Together with our nearly 700,000 partners and the in-house IT professionals who work with our products, we create approximately 15 million jobs around the world, and Microsoft invests US$9.5 billion in research and development. Our business partners generated local revenues for themselves of approximately US$537 billion in 2009. The vast majority of these partners are locally owned small businesses and entrepreneurs who reinvest in jobs and know-how in their own communities. In fact, for every dollar Microsoft earns, a local Microsoft partner will earn US$8.70.*

We are committed to lifelong learning. From an educational perspective, we are helping to increase access to technology for teachers, school leaders, academics, and students. We encourage innovative pedagogy, support teacher professional development, and help education leaders envision and implement change through Partners in Learning, a 10-year, nearly US$500 million program, which has reached nearly 170 million students, more than 1,400 innovative schools, and 6.8 million educators in 112 countries since 2003.

As economies continue to develop and evolve, many individuals do not possess the skills, training, and certifications needed to succeed. Today, many jobs once considered nontechnical now require computing skills. For those who are already in the workforce, programs that provide ongoing education and training are needed. Those who are unemployed often require new technology skills to give them access to the workforce. Our initiatives—like Elevate America, which aims to reach 2 million people by 2012—are designed for unemployed workers whose job prospects dramatically improve after acquiring foundational technology skills.
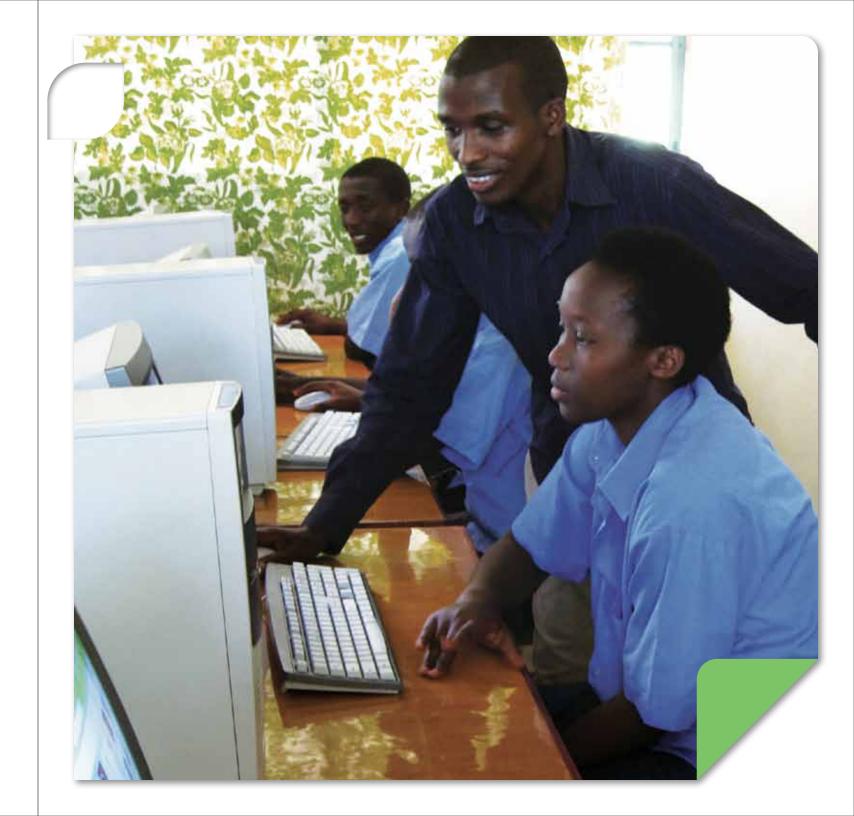
Innovation is the foundation of our success and is important to the growth and vitality of communities. We partner with governments, universities and schools, NGOs, and other companies to inspire and support the development of new technologies. By operating more than 100 Microsoft Innovation Centers in over 40 countries, in addition to conducting research and development activities in more than 48 countries, we support computing research that benefits those local economies. We're also proud to run the Microsoft Imagine Cup, an annual competition that inspires thousands of technology students to imagine and build creative solutions to some of the world's toughest problems, as described by the United Nations' Millennium Development Goals.

"Microsoft Bizspark is a tremendous boost to entrepreneurial startups with access to the latest and greatest Microsoft products. Our product development timelines are aggressive and being able to develop on the latest from Microsoft helps improve developer productivity and have faster time to market."

— *Vineet Bhatia,*
  Founder, BrainScale

* "Aid to Recovery: The Economic Impact of IT, Software, and the Microsoft Ecosystem on the Global Economy." IDC, 2009.

Investing in Communities

Technology can be an amazing tool for advancing social and economic development—enabling people to obtain a better education, learn new skills to earn a living wage, or start a business.

Many communities across the globe are underserved by technology and cannot benefit from the jobs, productivity, and educational advances that it can support. To help solve this problem and open new opportunities for people around the world, we invest in three areas: providing technology skills training, helping NGOs use technology, and encouraging our employees to volunteer and serve.

Initiatives like our Unlimited Potential Community Technology Skills Program—which supports NGOs that operate over 40,000 community technology centers in more than 100 countries, many of which use our Digital Literacy Curriculum—are integral components of our technology training agenda.

Technology can also enable nonprofit organizations to improve their productivity, increase their ability to collaborate and be more effective, and extend their impact. In the past two years, Microsoft and our employees have given more than US$500 million annually in cash, software, and services to over 30,000 nonprofits globally.

As with all of our work, partnerships around the world amplify our impact in communities. Examples of collaboration include projects with the Inter-American Development Bank, U.S. Agency for International Development, the Office of the UN High Commissioner for Refugees, the International Youth Foundation, and the Clinton Global Initiative—each of which reaches specific underserved communities.

Humanitarian and Disaster Relief

Technology can be particularly helpful to people in times of disasters and humanitarian need. Information technology can facilitate communication and decision making, and help in disaster prevention, preparation, response, and recovery. Since 2005, we have provided more than US$44 million in cash and software to NetHope, a collaboration of more than 28 leading, international NGOs that focuses on information and communications technology solutions for humanitarian assistance and disaster response. We have partnered to explore how IT can more effectively foster collaboration, drive innovation, and transform technology with their members. In addition, we have developed special products to help in this area, including Microsoft Vine, which uses text messaging, e-mail, and social network applications to keep people informed when it matters most. Our employees also volunteer time and resources when disasters strike.

"Now more than ever, nonprofits face tighter budgets. Investing in technology to improve the speed and efficiency of humanitarian and conservation aid in the developing world is critical, but it's tough for organizations to go it alone."

— William Brindley,
   NetHope CEO and Executive Director

Enabling Environmental Sustainability

We are dedicated to helping our society accelerate the transition to a cleaner, more energy-efficient economy by using information technology to improve energy efficiency and accelerate research breakthroughs.

To help make this a reality, we're focused on three areas:

First, we are striving to reduce the energy use of information technology. For example, we designed the Windows 7 operating system to optimize energy efficiency, cutting users' energy costs and carbon footprint. Our new data center facilities are designed to be up to 30–50 percent more efficient than other industry data centers built just a few years ago. Microsoft is working with leading companies to use software to drive significant energy efficiency gains in everything from buildings and transportation to manufacturing and energy grids. We've also developed software to help businesses and governments measure carbon emissions and formed partnerships with organizations, including the Clinton Climate Initiative and the Carbon Disclosure Project. For consumers, Microsoft released Hohm, an online application that helps people better understand home energy usage and get recommendations to conserve energy and save money.

Second, our researchers are working with leading scientists and institutions to address the most pressing environmental issues. With partners ranging from Cambridge University to the United Nations Environment Programme, we're creating tools, technologies, and models to help accelerate scientific discovery on a global scale. We're also working with organiza- tions such as the European Environment Agency to help citizens and policymakers visualize and analyze the implica- tions of climate change.

Third, we are working to incorporate sustainable practices into our operations. In 2009, we pledged to reduce our global carbon emissions per unit of revenue by at least 30 percent, compared with 2007 levels, by the year 2012. Steps Microsoft will take to achieve this goal include improving energy efficiency in our buildings and operations, reducing air travel, and increasing our use of renewable energy.

"Our environment is changing. We all notice small differences where we live or regularly visit. Eye On Earth gives all of us the opportunity to inform and be informed of such changes. The Microsoft technology behind Eye On Earth and AirWatch makes environmental information much more accessible. As more people understand what's happening in their area, more will contribute to solving environmental problems."

*— Professor Jacqueline McGlade,
Executive Director of the
European Environment Agency*

Promoting Responsible Leadership

We acknowledge that the world's problems won't be solved by one country, one NGO, or one company acting alone.

Solutions require leadership and initiative, but their ultimate success relies on cooperation and dialogue with governments, NGOs, other companies, and our customers.

For example, we believe that safeguarding free expression on the Internet is best achieved by working together with a broad set of stakeholders to fashion guidelines for companies responding to restrictions on free expression and privacy. This is why we've established the Global Network Initiative (GNI) with other leading companies, academics, and interest groups. The GNI has developed guidance for the technology sector on how to protect the human rights of all online users, and also a framework for shared learning and collaboration on public policy.

Helping protect children from online harms is another place where our impact is multiplied when we work with others. We've run various campaigns and developed the Child Exploitation Tracking System (CETS), but their success fundamentally relies on collaboration with other Internet companies and law enforcement agencies, among others.

We also look to other companies and experts to learn from best practices. For example, the long-term financial sustainability of our business depends on good corporate governance. Therefore, we have adopted a number of

practices and principles that meet or exceed U.S. industry standards. Although we are recognized for our leadership in this area, we are always open to dialogue and new ideas. We are guided by the work of organizations such as the American Bar Association and the Aspen Institute, in addition to our own shareholders and independent directors.

As signatories to both the United Nations Global Compact and the United Nations Millennium Development Goals, we work in partnership with a range of public and private sector partners to address the world's most pressing societal issues. This engagement is foundational to all of our corporate citizenship work.

"CETS allows the police to assemble an investigative puzzle where pieces are spread out over Canada, and in some cases around the world. By collaborating using CETS, police are able to share information regardless of jurisdiction."

*— Constable Detective Arnold Guerin,
Technology Manager, National Child Exploitation
Coordination Centre, Royal Canadian Mounted Police*

We know that by channeling the passion and talents of our people, deploying our technology, and collaborating with our partners, we have the potential to help dramatically improve the world. We believe this is our responsibility. Our mission is ambitious, and our corporate citizenship work is core to achieving it.

Learn more about our citizenship work: **www.microsoft.com/citizenship**

Read stories from around the world: **www.microsoft.com/localimpactmap**
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