

# Microsoft Corp.

**TICKER**  
NAS:MSFT

**MARKET CAPITALIZATION**  
US\$732 billion

**HEADQUARTERS**  
United States

**DISCLOSURES**  
UK Modern Slavery Act: Yes

**TARGETS**  
None

California Transparency in Supply Chains Act: Not available

## OVERALL RANKING

**7 out of 49**

([2018 Rank](#): 7 out of 40)

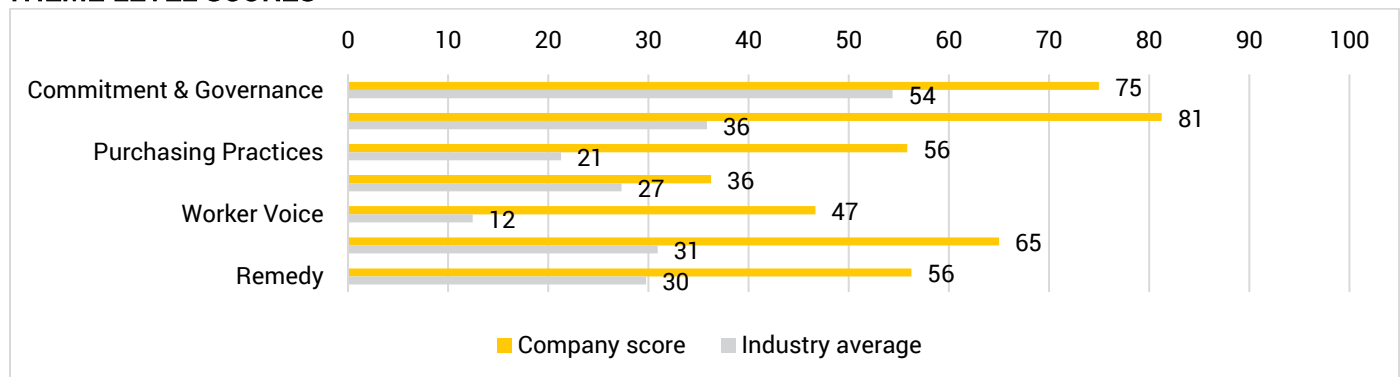
## OVERALL SCORE

**59 out of 100**

## SUMMARY

Microsoft Corp. (Microsoft), ranks seventh out of 49 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Compared to 2018, the company maintained its rank. The company improved by disclosing the sourcing countries of raw materials, repayment of recruitment fees to supply chain workers, an assessment of forced labor risks, and the risks identified in its supply chains. Notably, the company achieved the second-highest score on the theme of Worker Voice. KnowTheChain identified one allegation of forced labor in the company's supply chains. The company does not disclose engagement with affected stakeholders nor remedy outcomes for workers. The company is encouraged to improve its performance and disclosure on the themes of Recruitment, Worker Voice, and Remedy.

## THEME-LEVEL SCORES



Research conducted through October 2019 or through January 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#). It includes an [allegation in the company's supply chains regarding forced labor of ethnic minorities transferred from Xinjiang to factories across other provinces in China](#), which falls outside of the research timeframe.

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**KEY DATA POINTS****SUPPLIER LIST**

Yes

**AVERAGE SUPPLIER SCORE**

34/100

**HIGH-RISK SOURCING COUNTRIES**China, Malaysia<sup>1</sup>**NO-FEE POLICY**

Yes (Employer Pays Principle)

**REMEDY FOR SUPPLY CHAINS WORKERS**

Yes

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**LEADING PRACTICES**

**Risk Assessment:** Microsoft discloses that it carried out a supply chain risk assessment on its suppliers in Asian countries, which includes an analysis of wages, working hours, types of workers such as migrant and student workers, freedom of association, and legal requirements. The assessment contained interviews with auditors and covered eight countries, including Japan, South Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam. The company discloses the results of its assessment, finding that migrant workers and working hours are high risks in more than half of the countries assessed. The assessment further identified other risks, including recruitment fees, excessive overtime, discrimination, and health and safety.

**Purchasing Practices:** The company discloses that it has identified cobalt as a material associated with numerous risks, including forced labor. It reports that it is working with its directly contracted battery suppliers to build their capacity and “survey their sub-contracted sub-tier smelters to identify cobalt smelters.” Microsoft also discloses its Responsible Sourcing of Raw Materials policy, which extends the requirements of its supplier code of conduct, including forced labor, to the raw material level. It includes requiring suppliers to integrate responsible sourcing requirements into their own sourcing contracts.

**Grievance Mechanism:** Microsoft discloses a workers’ voice hotline, which it reports reaches 153 supplier factories. It states that more than 2,500 workers have been provided with an on-site orientation on how to use the hotline.

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**NOTABLE FINDINGS**

**Traceability and Supply Chain Transparency:** Microsoft discloses a list of the names of its top 100 first-tier production suppliers of hardware products. It also discloses a list of the smelters and refiners of 3TG in its supply chains and the names and addresses of 12 confirmed cobalt smelters in Belgium, Finland, and China. Microsoft also discloses the countries of origin of cobalt as confirmed by its smelters including Australia, Canada, the Democratic Republic of the Congo, and Zambia.

**Recruitment Fees:** Microsoft’s supplier code of conduct prohibits the charging of recruitment fees and specifies that supplier contracts with agencies must prohibit fees from being charged to workers. In addition, it states that fees must be repaid to workers where they have been paid. The company states

that it discovered two instances in which migrant workers had paid recruitment fees at a factory in Taiwan, and reports that 100% of the fees were returned to the workers.

**Monitoring:** The company discloses that it requires its suppliers to conduct social and environmental audits on its lower-tier suppliers and reports that these audits must be carried out by Microsoft-approved auditors and against its own protocol.

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### OPPORTUNITIES FOR IMPROVEMENT

**Recruitment:** To avoid the exploitation of migrant workers in its supply chains, the company is encouraged to ensure that employment and/or recruitment agencies used in its supply chains are monitored. It may also consider providing details of how it supports responsible recruitment in its supply chains (for example, by sharing due diligence findings on recruitment fees with peers or by supporting the development of responsible recruitment schemes).

**Worker Voice:** To support collective worker empowerment, the company is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

**Remedy:** While the company provides some information on investigating allegations, it should consider disclosing details on this process, such as approval procedures, timeframes, and crucially, engagement with affected stakeholders. To demonstrate to its stakeholders that it has an effective remedy process in place, the company is encouraged to disclose remedy outcomes for its suppliers' workers in cases of allegations.

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### ENGAGED WITH KNOWTHECHAIN

Informal (i.e., engaged outside the formal three months engagement period).

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<sup>1</sup> The US Department of Labor lists China and Malaysia as countries where electronics may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor.](#)"