



2025 Disclosure Cycle Procurement Sustainability Data Integrity Requirements

Requirements to enhance the completeness and accuracy of your Baseline Year and 2024 total company and Service-Level Accounting (SLA) emissions

Table of Contents

Executive Summary	1
Assurance Overview for Total Company (Option 1) and SLA (Option 1)	4
Consultant Overview for Total Company (Option 2) and SLA (Option 2)	6
Solution Providers	7
Resources	9
Example Assurance Letter and Required Template for Consultant Letter	9

Executive Summary

Outlined in 2020, Microsoft set a goal to be carbon negative by 2030. As we reach the halfway point, it is crucial that we continue to partner with suppliers and together tackle our largest source of emissions, supply chain or scope 3 emissions. Your commitment and transparency accelerate progress towards a 55% emissions reduction by 2030 and is an important stride towards a more sustainable future for people and planet.

The [**Microsoft Supplier Code of Conduct \(SCoC\)**](#) section 6.11, requires suppliers provide independent, third-party assurance (also referred to as independent third-party verification or attestation) over greenhouse gas (GHG) emissions data. This



assurance requirement applies to historic 2019 baseline emissions (or approved alternative baseline year) **and** 2024 annual emissions. Independent third-party assurance provides a layer of credibility and confidence behind the completeness and accuracy of disclosed emissions. To fulfill the assurance requirement, suppliers may choose to engage an external consultant to support emissions calculation as an alternative to seeking independent third-party assurance on emissions. Either option adds credibility to the completeness and accuracy of supplier disclosed emissions.

As Microsoft obtains greater granularity into our suppliers' emissions via Service-level Accounting (SLA), specifically the emissions associated with the goods and services delivered to Microsoft, the credibility behind the completeness and accuracy of this data is just as important. Meanwhile, credibility behind the completeness and accuracy of total company emissions remains just as important. As such, additional data integrity requirements are being added for the 2025 Disclosure Cycle (applicable to the 2019/baseline year and 2024). Below, the requirements are broken out by total company requirements and SLA requirements.

We understand that there is not a "one size fits all" approach to ensuring data integrity to your total company and SLA emissions. Hence, the table below outlines the options that suppliers may choose, or a combination (e.g. an Assurance Letter that covers scope 1 and 2 and a Consultant Letter that covers scope 3).

Total Company Emissions (choose one)
Total Company Option 1: Obtain independent third-party Assurance Letter on total company emissions. Include scope 1, scope 2, and scope 3 categories 1 through 8 (even if zero or immaterial).
Total Company Option 2: Obtain third-party Consultant Letter on total company emissions. Include scope 1, scope 2, and scope 3 categories 1 through 8 (even if zero or immaterial).



SLA Emissions (choose one)

SLA Option 1: Obtain independent third-party Assurance Letter on SLA emissions broken out by each service provided, total reference unit volume for each service, and inclusive of scopes 1, 2, and 3 categories 1 through 8 (even if zero or immaterial).

SLA Option 2: Obtain third-party Consultant Letter on SLA emissions broken out by each service provided, total reference unit volume for each service, and inclusive of scopes 1, 2, and 3 categories 1 through 8 (even if zero or immaterial).

Please review the additional details in the document below for specifics.



Assurance Overview for Total Company (Option 1) and SLA (Option 1)

Assurance is a process whereby a practitioner performs procedures, obtains evidence, and, after obtaining sufficient information, expresses a conclusion, designed to inform and provide validation of the information. This process and the accompanying conclusion are documented in an **Assurance Letter or Report**. Assurance providers must be independent third parties and have sufficient competence and capabilities necessary to perform engagements in accordance with professional standards and applicable legal and regulatory requirements.

If you choose the assurance option, you are **required to obtain an Assurance Letter or Report from the assurance provider** indicating the work performed and the specific numerical values for the required scopes/categories (by service for SLA) that were assured as well as the reference unit volume for the SLA calculation. If zero or immaterial, the assurance provider must include that emissions for that scope and/or category are assured as zero or immaterial. Obtain this letter on the assurance provider's letterhead.

Minimum Assurance Letter Components:

The Assurance Letter must include the following:

1. **A description of the subject matter**, i.e. assertion, on which the assurance provider is reporting. The subject matter or assertion must include the minimum scopes and categories listed below **and their associated numerical values in mtCO₂e** (by service for SLA):
 - Scope 1
 - Scope 2
 - Scope 3 Category 1: Purchased goods and services
 - Scope 3 Category 2: Capital goods
 - Scope 3 Category 3: Fuel-and-energy related activities (not included in scope 1 or 2)
 - Scope 3 Category 4: Upstream transportation and distribution



- Scope 3 Category 5: Waste generated in operations
- Scope 3 Category 6: Business travel
- Scope 3 Category 7: Employee commuting
- Scope 3 Category 8: Upstream leased assets

If zero or immaterial for a scope or category, the assurance provider must include that emissions are calculated as zero or immaterial. If all required scopes are not listed, the document will not be accepted.

2. **The period of time** associated with the measurement or evaluation of the subject matter. This applies to historic 2019 baseline emissions (or approved alternative baseline year) in addition to annual emissions disclosure for 2024.
3. **The criteria** against which the subject matter was measured or evaluated (e.g. Greenhouse Gas Protocol). This is the criteria used in emissions calculation.
4. **A statement that identifies the level of assurance** and describes the nature of the assurance engagement. **Microsoft requires limited assurance, as opposed to reasonable assurance.** See FAQ #11 in [this article](#) for the difference between the two types of assurance.
5. **A statement that identifies the assurance standard** (or standards) used (e.g. AICPA standards).
6. **A conclusion** on the subject matter or assertion on which the assurance provider is reporting.
7. For SLA, the **reference unit and volume** delivered to Microsoft for each service provided in the reporting period as well as the [associated UNSPSC code](#) for the service

Please provide the Assurance Letter in English, in pdf format, and limited to 1 – 3 pages. If the assurance provider cannot provide the letter in English, have it translated into English by an independent third-party prior to submission. If your assurance letter is part of a larger sustainability report, please only provide the assurance letter as a separate pdf.



Assurance Standards

[PCAOB](#), [AICPA](#), and [IAASB](#) assurance standards meet Microsoft's assurance requirement. However, it is recognized that more than one suitable [assurance standard exists](#) and that others may develop in the future and be suitable for use.

Consultant Overview for Total Company (Option 2) and SLA (Option 2)

A third-party consultant is defined as an individual(s) external to your organization that provides advisory services to help you calculate your GHG footprint. Solely leveraging third-party software such as GHG calculation tools does **NOT** meet this definition. However, third-party software can be used in conjunction with an external consultant. Third-party consultants must have sufficient competence and capabilities necessary to perform engagements in accordance with professional standards and applicable legal and regulatory requirements.

If you choose the external consultant option, you are **required to obtain a Consultant Letter from the consultant** indicating the work performed and the specific numerical values for the required scopes/categories (by service for SLA) that were calculated, as well as the reference unit volume for the SLA calculation. If zero or immaterial, the consultant must include that emissions for that scope and/or category are calculated as zero or immaterial. Obtain this letter on the consultant's letterhead and **utilize the required template in the Appendix below**.

Minimum Consultant Letter Components ([required template provided in Appendix](#)):

The Consultant Letter must include the following:

1. **A description of the work performed and numerical emissions values in mtCO₂e** for the minimum scopes and categories listed below (by service for SLA):
 - Scope 1
 - Scope 2



- Scope 3 Category 1: Purchased goods and services
- Scope 3 Category 2: Capital goods
- Scope 3 Category 3: Fuel-and-energy related activities (not included in scope 1 or 2)
- Scope 3 Category 4: Upstream transportation and distribution
- Scope 3 Category 5: Waste generated in operations
- Scope 3 Category 6: Business travel
- Scope 3 Category 7: Employee commuting
- Scope 3 Category 8: Upstream leased assets

If zero or immaterial for a scope or category, the consultant must include that emissions are calculated as zero or immaterial. If all required scopes are not listed, the document will not be accepted.

2. **The period of time** associated with the work performed. This applies to historic 2019 baseline emissions (or approved alternative baseline year) in addition to annual emissions disclosure for 2024..
3. **The criteria** in which the subject matter was calculated (e.g. Greenhouse Gas Protocol). This is the criteria used in emissions calculation.
4. For SLA, the **reference unit and volume** delivered to Microsoft for each service provided in the reporting period as well as the **associated UNSPSC code** for the service
5. For SLA, a **description of the process performed** to calculate SLA emissions (e.g. what evidence was collected, how was the calculation performed, etc.).

Please use the required Consultant Letter template in the Appendix below and provide the Consultant Letter in English, in pdf format, and limited to 1 – 3 pages.

Solution Providers

We've heard your feedback and we're happy to announce two solution providers, Green Project and Rye Strategy, that can help you fulfill these Data Integrity Requirements. These providers are familiar with the SLA methodology and support small to medium-sized companies. Please access the links below to learn more:



- Green Project: [Microsoft Carbon Accounting | Green Project Tech](#)
- Rye Strategy: [Carbon Accounting Solutions | RyeStrategy](#)

Use of Green Project or Rye Strategy **is optional** – you can choose alternative providers if you prefer. Reviewing these providers with your relevant teams, including legal counsel, is recommended to ensure they meet internal and external standards.

A variety of vendors provide assurance services or consulting services on sustainability information, including Certified Public Accountant (CPA) firms, engineering firms and environmental consulting firms, all of whom use a range of frameworks, standards, and methodologies to perform their engagements. If an existing audit firm for financial statements is already engaged with your company, that firm may be a good place to start your search for an assurance provider.

Additionally, here is a link to [CDP's accredited solutions providers](#). Use the services filter, "Third Party Verification/Assurance" to help identify third-party vendors providing assurance and verification services and the "Greenhouse Gas Emissions Inventory" services filter to help identify third-party vendors providing consulting services in support of emissions calculations. Each supplier is to perform due diligence to determine which, if any, of the listed providers are appropriate for use and **are not required to choose a vendor from this list**.

Contact compsupp@microsoft.com with questions or for support. Reviewing your disclosure, methodologies, assurance standards, etc. with consultants and legal counsel, as appropriate, is recommended.



Appendix

Resources

- [CDP accredited solutions providers](#)
- [Microsoft Supplier Code of Conduct](#)
- [Microsoft Supplier Code of Conduct FAQs](#)
- [Microsoft 2024 Environmental Sustainability Report Fact Sheet](#)
- [Verification standards accepted by CDP](#)
- [United Nations Standard Products and Services Code \(UNSPSC\)](#)

Example Assurance Letter and Required Template for Consultant Letter

Example Assurance Letter for Total Company (Option 1) and SLA (Option 1)

[Microsoft 2024 Environmental Sustainability Report Fact Sheet](#) (please refer to Section 1.11 for the independent accountant's review report and Section 1.10 for the reporting criteria).



Required Consultant Letter Template for Total Company (Option 2) and SLA (Option 2)

Please utilize the required Consultant Letter Template and the emissions table(s) below. Do not insert additional tables, charts, graphs, or other graphics.

[Consultant letterhead]

[External consultant company name] has been engaged to provide consulting/advisory services to *[client company name]* to support the calculation of *[client company name's] [year/years] [total company/service-level]* greenhouse gas emissions. These emissions were calculated using *[calculation criteria]* and are shown in the table(s) below.

For the service-level calculation, *[External consultant company name]* performed the following procedures: *[provide a description of the process performed to calculate SLA emissions (e.g. what evidence was collected, how was the calculation performed, etc.)]*.

Total Company Emissions	
Scope 1 total (mtCO ₂ e)	
Scope 2 (LBM) (mtCO ₂ e)	
Scope 2 (MBM) (mtCO ₂ e)	
Scope 3 Category 1 (mtCO ₂ e)	
Scope 3 Category 2 (mtCO ₂ e)	
Scope 3 Category 3 (mtCO ₂ e)	
Scope 3 Category 4 (mtCO ₂ e)	
Scope 3 Category 5 (mtCO ₂ e)	
Scope 3 Category 6 (mtCO ₂ e)	
Scope 3 Category 7 (mtCO ₂ e)	
Scope 3 Category 8 (mtCO ₂ e)	
Total emissions (mtCO₂e)	



Service-level Emissions (total emissions per service)	[Input Service name]	[Input Service name]	[Input Service name]	Total SLA Emissions
	[Input UNSPSC code]	[Input UNSPSC code]	[Input UNSPSC code]	
Scope 1 (mtCO2e)				
Scope 2 (LBM) (mtCO2e)				
Scope 2 (MBM) (mtCO2e)				
Scope 3 Category 1 (mtCO2e)				
Scope 3 Category 2 (mtCO2e)				
Scope 3 Category 3 (mtCO2e)				
Scope 3 Category 4 (mtCO2e)				
Scope 3 Category 5 (mtCO2e)				
Scope 3 Category 6 (mtCO2e)				
Scope 3 Category 7 (mtCO2e)				
Scope 3 Category 8 (mtCO2e)				
Total SLA emissions (mtCO2e)				
Reference Unit (e.g. hours, FTE)				
Reference Unit Volume(numerical value)				

Signed and dated

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