



Cabinet Office

CARBON REDUCTION PLAN GUIDANCE

Notes for Completion

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier¹ and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The CRP should be specific to the bidding entity, or, provided certain criteria are met, may cover the bidding entity and its parent organisation. In order to ensure the CRP remains relevant, a Carbon Reduction Plan covering the bidding entity and its parent organisation is only permissible where the detailed requirements of the CRP are met in full, as set out in the Technical Standard² and Guidance³, and all of the following criteria are met:

- The bidding entity is wholly owned by the parent;
- The commitment to achieving net zero by 2050 for UK operations is set out in the CRP for the parent and is supported and adopted by the bidding entity, demonstrated by the inclusion in the CRP of a statement that this will apply to the bidding entity;
- The environmental measures set out are stated to be able to be applied by the bidding entity when performing the relevant contract; and
- The CRP is published on the bidding entity's website.

Bidding entities must take steps to ensure they have their own CRP as soon as reasonably practicable and should note that the ability to rely on a parent organisation's Carbon Reduction Plan may only be a temporary measure under this selection criterion.

The Carbon Reduction Plan should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

¹ Bidding supplier or 'bidding entity' means the organisation with whom the contracting authority will enter into a contract if it is successful.

² Technical Standard can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991625/PPN_0621_Technical_standard_for_the_Completion_of_Carbon_Reduction_Plans__2_.pdf

³ Guidance can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/991623/Guidance_on_adopting_and_applying_PPN_06_21__Selection_Criteria__3_.pdf

Carbon Reduction Plan Template

Supplier name: Microsoft Limited

Publication date: 10/04/2026

Commitment to achieving Net Zero

Microsoft is committed to being carbon negative by 2030 and by 2050 remove from the atmosphere an equivalent amount of all the carbon dioxide our company has emitted either directly or by our electricity consumption since we were founded in 1975. The work under our existing commitments, supports our path towards achieving the Net Zero target per PPN 06/21.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2020	
Additional Details relating to the Baseline Emissions calculations.	
<p>The emissions calculations below represent Microsoft globally reported numbers, inclusive of market-based calculations for Scope 2 and Scope 3. Scope 3 emissions represent all reported Microsoft Scope 3 categories, inclusive of management’s criteria approach for categories 4, 6 and 11. To learn more about our methodologies used in our greenhouse gas accounting please see our Environmental Data Fact Sheet, Section 1.9 Methodology and emission factors on page 10.</p>	
Baseline year emissions:	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	118,100
Scope 2	456,119
Scope 3 (Included Sources)	11,468,000
Total Emissions	12,042,000

Current Emissions Reporting

Reporting Year: 2024	
EMISSIONS	TOTAL (tCO ₂ e)
Scope 1	143,510
Scope 2	259,090 (market- based)
Scope 3 (Included Sources)	14,454,000 (market-based and management’s criteria for Categories 4,6, and 11)
Total Emissions	14,857,000 MTCO₂e

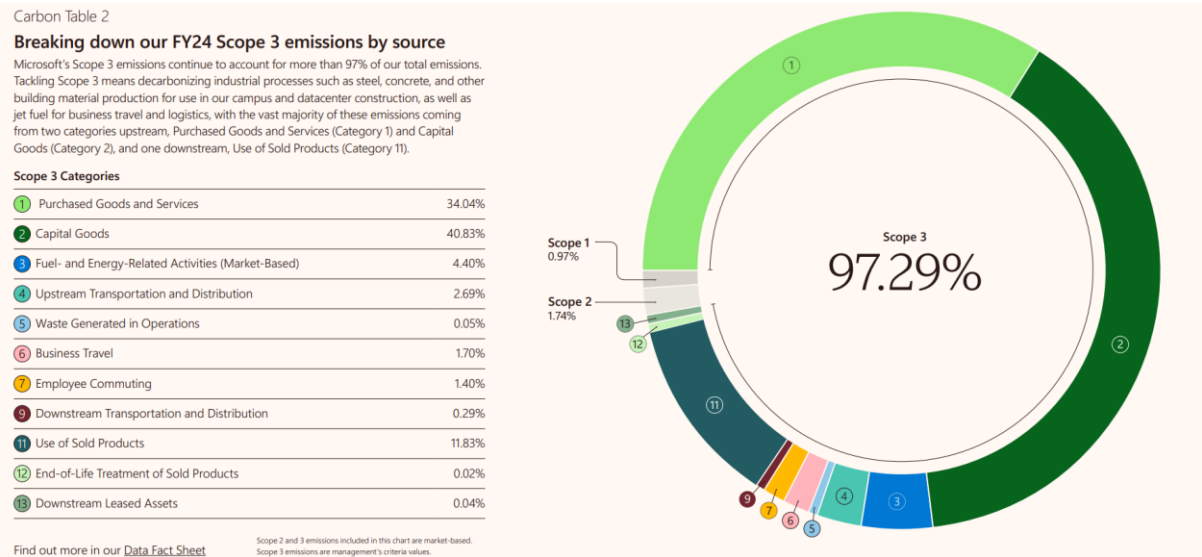
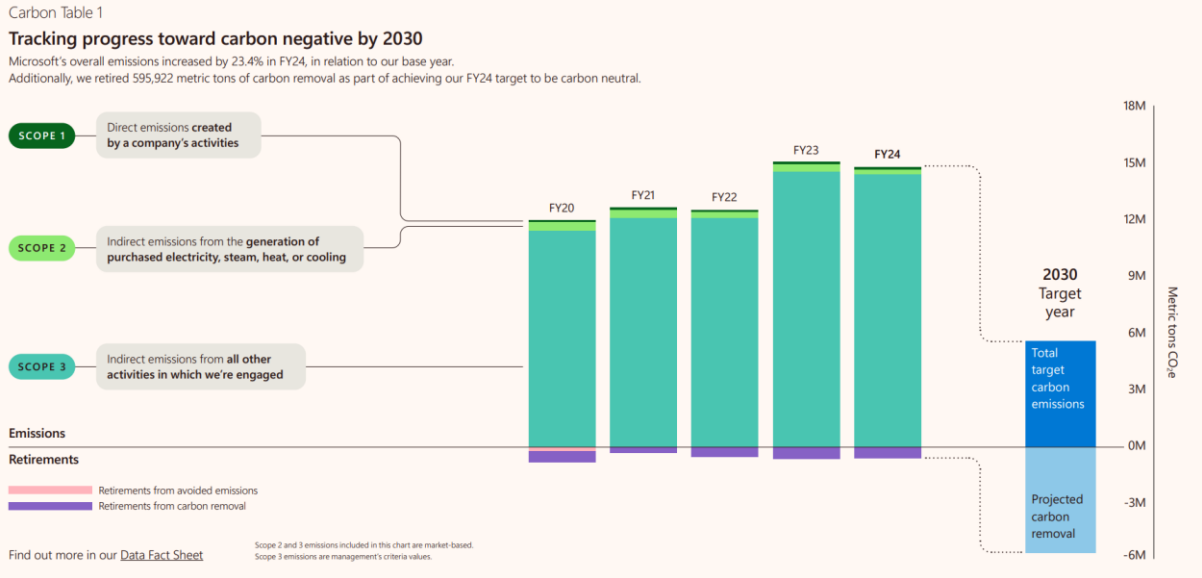
Emissions reduction targets

Reducing direct emissions: We will reduce our Scope 1 and 2 emissions to near zero by increasing energy efficiency, decarbonization of our operations, and reaching 100% direct renewable energy by 2025.

Reducing value chain emissions: By 2030, we will reduce our Scope 3 emissions by more than half from a 2020 baseline.

Expanding carbon-free electricity: By 2030, 100% of our electricity consumption will be matched by zero carbon energy purchases 100% of the time.

Removing the rest of our emissions: By 2030, Microsoft will remove more carbon than it emits. By 2050, we will remove an amount of carbon equivalent to all our historical operational emissions.



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

Efficiency: Transforming datacenters and campuses

As demand for AI and cloud services grows, we are advancing how we design, build, and operate our datacenters and campuses. By further optimizing systems and adopting innovative solutions, we are working to reduce the carbon intensity of our operations while supporting continued infrastructure growth and technology adoption.

Datacenters

Datacenters make AI and cloud computing possible. Addressing the resource intensity of our datacenters is critical in this new era of AI.

At Microsoft, we are redefining datacenter construction and operations to meet the challenge. By integrating advanced building materials, renewable energy solutions, and innovative technologies such as power optimization, thermal efficiency, and waste heat recovery, we are setting a new benchmark for a more sustainable and resilient datacenter infrastructure. Datacenter efficiency.

Decarbonizing the built environment

At Microsoft, we are advancing the use of low-carbon building materials at our datacenters. As a sector, building materials such as steel and cement are currently some of the highest contributors globally to the carbon cost of new construction, together producing an estimated 13.5% of global carbon emissions. In 2024, we launched our [first mass timber datacenters](#), using strong, ultra-lightweight wood in a hybrid construction model that incorporates cross-laminated timber (CLT), steel, and concrete. This approach is projected to reduce the embodied carbon footprint of these new datacenters by 35% compared to conventional steel construction, and by 65% compared to typical precast concrete, by drastically reducing the reliance on traditional carbon-intensive materials.

To further accelerate decarbonization in our datacenter operations, Microsoft is dedicated to pursuing LEED Gold certification on all new datacenters. This certification requires advanced energy-saving technologies and practices to lower energy consumption and associated carbon emissions. In addition to these efforts, we are:

- Advancing low-carbon materials with investments in companies like Stegra, which is pioneering near-zero-carbon steel products that can be used in multiple applications, including datacenter supply chains. Stegra is building the world's first commercial scale near-zero-carbon steel plant with up to 95% reduced carbon emissions compared to conventional steel.

- Reducing Scope 3 emissions in hot aisle containment (HAC) units. Novel materials like polyethylene terephthalate (PET) film and fiber-reinforced plastic (FRP) are being tested to reduce the weight and volume of HAC panels and replace steel in support structures, cutting material mass by up to 75%, thereby reducing embodied carbon.

Collaborating for industry-wide impact

Since launching our sustainability commitments, we have embedded low-carbon materials and equipment requirements into supplier contracts, while also collaborating with industry leaders to scale sustainable construction practices. As a member of the Infrastructure Masons (iMasons) and the iMasons Climate Accord (ICA)—a nonprofit professional association dedicated to reducing carbon in digital infrastructure materials, products, and power, Microsoft is working alongside AWS, Google, Meta, and over 200 leading digital infrastructure providers, product companies, and investment firms to address climate change.

Decarbonizing datacenter operations

Optimizing power efficiency in datacenters

At Microsoft, we are continually refining our approach to energy efficiency across our datacenter operations, working to ensure that energy is used as effectively as possible without compromising performance or reliability. One key initiative, power harvesting, maximizes the use of our available power by reallocating unused power from workloads that do not consume their full power allocation. Despite increased demands from AI workloads over the past year, Microsoft has doubled our rate of power savings, scaling this approach across our datacenters. In parallel, Microsoft is reducing server energy consumption through methods like low-power server states, which lowers energy usage on unallocated servers by up to 35%. This initiative has rapidly expanded from deployment on a few thousand servers in 2022 to nearly 2 million by the end of 2024. Additionally, in a similar initiative, servers awaiting maintenance are placed in power-saving modes, reducing energy usage by hundreds of megawatt-hours monthly. Microsoft is also increasing server utilization by selectively oversubscribing CPU cores for internal workloads with low utilization. This targeted approach has reduced datacenter hardware needs for the Microsoft Azure platform by approximately 1.5% since 2020—representing a threefold improvement compared to reductions achieved by 2022—while also cutting embodied carbon.

Transitioning to renewable diesel

Backup generators play a critical role in providing power to our datacenters during outages and grid instability. While rarely used, these generators are essential to maintaining uninterrupted service for customers, but the carbon footprint of traditional diesel generators underscores the importance of transitioning to alternative fuels. Microsoft is transitioning its datacenter generators to use alternative fuels including renewable diesel, which offers significantly lower life cycle emissions compared to conventional diesel. This transition includes:

- Equipment modifications and local permitting. Making progress towards full conversion, many sites have already completed the retrofitting process to transition to renewable diesel, with special attention given to generators in cold climates, ensuring they have adequate heaters to mitigate cold temperature impacts to renewable fuel.
- Sustainable fuel standards. We work closely with suppliers to responsibly procure hydrogenated vegetable oil and other renewable diesel variations, reinforcing our commitment to reducing emissions from fuel.

Partnering with suppliers to reduce operational emissions

Microsoft's goal to reduce emissions extends beyond our internal operations, and we continue to partner with suppliers to reduce emissions across our supply chain. The Microsoft Supplier Engagement Program uses in-depth analysis to identify the most impactful carbon reduction opportunities across Scope 1, 2, and 3 emissions.

In 2024, Microsoft introduced a new target in the [Microsoft Supplier Code of Conduct](#) requiring suppliers to transition to 100% carbon-free electricity (CFE) for goods and services delivered to Microsoft by 2030. This milestone has inspired several suppliers to adopt even more ambitious targets, such as procuring 100% renewable energy under RE100 standards and implementing Scope 3 programs modeled on the Microsoft Cloud Supply Chain. These efforts help to ensure sustainability is embedded throughout the supply chain. In support of these targets for our suppliers, Microsoft is working in countries with a significant supply chain footprint to identify and solve for specific policy, technology, and finance barriers to carbon-free electricity access, prioritizing impact by 2030. Improving operational efficiency and logistics. Our drive to reduce datacenter emissions extends to transforming the logistics operations of these facilities. Through strategic partnerships and targeted initiatives, Microsoft is reducing emissions across transportation, warehousing, and the broader logistics supply chain, setting new benchmarks for operational efficiency and environmental impact.

In transportation, Microsoft has adopted alternative fuels and electric vehicles to reduce emissions, collaborating with several leading logistics service providers (LSPs). Renewable diesel is now in use in Microsoft's road freight operations in Europe and California, cutting emissions by 50% for these shipments while keeping existing equipment in use. Microsoft is also advancing aviation decarbonization by integrating sustainable aviation fuel (SAF) into shipments of cloud hardware through multiyear agreements designed to reduce air freight emissions and scale the adoption of SAF. By prioritizing credible, long-term partnerships, Microsoft is driving innovation in sustainable logistics and helping to accelerate the global energy transition. Through our LSPs, we've partnered with airlines and shipping lines to expand the use of SAF and sustainable marine fuels, a switch that reduces emissions by over 17,000 metric tons of carbon dioxide equivalents (mtCO₂e) compared to conventional transportation fuels—equivalent to avoiding the combustion of nearly 40,000 barrels of oil.

At the same time, the deployment of electric vehicle (EV) trucking in the United States, Asia, and Europe is enabling more sustainable logistics operations. We are expanding the use of these EVs within our supply chain, serving both longer routes and datacenter deliveries. This transition brings significant benefits to the local communities where we operate by eliminating tailpipe emissions affecting local air quality.

Beyond vehicle innovation, Microsoft's logistics teams have achieved significant reductions in shipment carbon intensity through network optimization, mode shifting to lower-carbon transportation, and consolidation. These efforts have reduced the relative carbon intensity across the cloud logistics supply chain by 73% since 2022. For these achievements, our cloud logistics team earned the Coupa Inspire Award for Purpose and Impact and the SEAL Award for Sustainability, reinforcing Microsoft's leadership in sustainable logistics.

Through these combined efforts, Microsoft is building a supply chain operation to support datacenter operations while advancing progress to meet our commitments, proving that environmental responsibility and logistical efficiency can —and do—go hand in hand.

Campuses

We are deeply invested in enhancing the sustainability of our campuses. We've implemented more sustainable construction practices, such as reducing our carbon footprint and using local materials within the East Campus Modernization Project. Both at our Microsoft and LinkedIn campuses, we are dedicated to reducing our environmental impact and promoting sustainable practices among our employees.

Transforming how we work

Across our global portfolio, we continue to implement energy efficiency measures. Our North American campuses optimized lighting, adjusted operational setpoints, and incorporated energy solutions like heat pumps to reduce energy consumption. Facilities in Bogotá and Medellín, Colombia; Quito, Ecuador; and Montevideo, Uruguay optimized their heating, ventilation and air conditioning (HVAC) systems, cutting yearover-year energy consumption for these systems by 20%. In Europe and the Middle East, lighting upgrades further reduced electricity usage. To guide future improvements, we are conducting comprehensive facility audits across our portfolio, prioritizing locations with the highest energy use, to discover areas where we can further enhance energy efficiency.

Driving change with electrification projects

We also achieved new milestones for fleet electrification in 2024. Our sites in Shanghai and Suzhou, China; Dublin, Ireland; and Paris, France have fully electrified fleets, while Microsoft India launched its first phase of electric vehicle adoption. In the United States, over 15% of the Puget Sound fleet is electric, supporting commuting and facility operations. Fleet right-sizing efforts are further optimizing resources to better match demand. As the EV industry evolves, Microsoft is adopting emerging technologies, ensuring that efficiency, safety, and sustainability remain a central focus for operations.

In 2024, Rare, a Microsoft-owned game studio, celebrated the opening of BarnX at its Twycross headquarters in the United Kingdom. Achieving LEED Gold certification, BarnX reflects high standards in energy efficiency, water conservation, and environmental design. BarnX incorporates innovative sustainability features, including a rainwater harvesting system, solar panels, and advanced HVAC technology, which significantly reduce carbon emissions and energy consumption. Locally sourced, sustainable building materials were prioritized throughout the construction process, further reducing embodied carbon and environmental impact. The design also enhances local biodiversity with native wildflower meadows and pollinator-friendly gardens.

Availability: Scaling access to tools for decarbonization

As we plan for 2030, we are working to ensure that the materials, technologies, and solutions required for decarbonization are available at the scale and locations needed—not just for Microsoft, but also for our partners, suppliers, customers, and the world.

Advancing renewable energy markets

At Microsoft, we believe we have a responsibility to support the communities and grids where we build and operate our datacenters. Microsoft has taken a first-mover approach to making long-term investments to bring more carbon-free electricity online. Power purchase agreements (PPAs) are central to this strategy, and we continue to advocate for expanding clean energy solutions globally to support not only our power needs but also those of our supply chain.

Advancing energy markets

Since 2020, the renewable energy sector has transformed significantly. However, challenges with permitting, interconnection delays, and fluctuating interest rates have added complexity to scaling these technologies. These dynamics have reshaped strategies across the industry as we work toward grid decarbonization by 2030 and beyond.

Microsoft has taken bold steps to address these challenges and expand access to carbon-free electricity. Our carbon-free electricity program has grown eighteenfold since 2020, with contracted renewables increasing from 1.8 gigawatts (GW) to over 34 GW across 24 countries. This growth reflects our leadership in advancing clean energy markets and has us on track to achieve our 2025 target of procuring enough renewable energy to cover 100% of our energy consumption.

Scaling carbon removal

So far on our journey, carbon reduction and removal have all played an important role on our path to net zero.

Microsoft's commitment to carbon removal began in 2020 when we shifted our avoided carbon emissions credit procurement to focus exclusively on removing carbon dioxide from the atmosphere. Since then, we have significantly scaled our efforts, learning from early purchases of one-year carbon removal offtakes from existing projects. In 2022, we signed our first long-term agreement, purchasing 10,000 tons from Climeworks' first direct air capture (DAC) facilities in Iceland over 10 years. This required adapting the PPA contract model, working through the intricacies of how to structure agreements to account for carbon registries, reversals, and more.

In 2023, we expanded on this model of advance procurement, signing our first contracts for millions of tons of carbon removal, with developers that were able to design and structure much larger projects. In 2024, we built on this progress by advancing commercial offtake structures, refining methodologies, and expanding a platform that enables further progress

and supports industry growth. These efforts included Mombak, a Brazilian reforestation company, unlocking new natural capital-oriented financial tools in the form of a \$225 million outcome bond issued by the World Bank to help reforest the Brazilian Amazon.

In FY24, Microsoft entered long-term agreements to procure more carbon removal than all previous years combined—22 million metric tons. That’s the equivalent of taking 4 million cars off the road for a year.⁷ Our diversified portfolio spans multiple pathways, including: afforestation, reforestation, and revegetation (ARR); bioenergy with carbon capture and storage (BECCS); and DAC. Eight of the projects signed last year will start delivering over 100,000 metric tons annually by 2030, supporting our carbon negative milestone year. Building first-of-a-kind technology and planting millions of trees each present common and distinct challenges, and we seek to drive development of projects that can come online quickly to deliver at scale.

Strengthening carbon removal markets

Microsoft is committed to building the markets we buy from, translating leading science into commercial innovation and regularly updating our [Criteria for High-Quality Carbon Dioxide Removal](#). In FY24, thousands of hours of third-party due diligence for our portfolio further informed which project design and operational characteristics are high integrity.

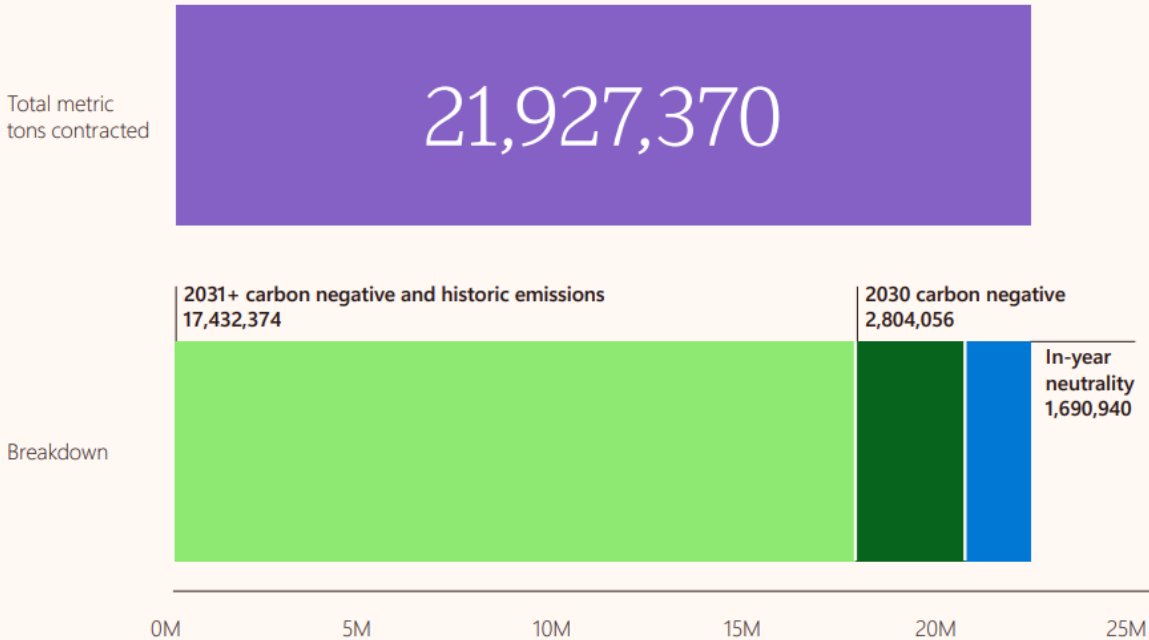
In May 2024, Microsoft co-founded the Symbiosis Coalition—a collaboration with Google, Meta, and Salesforce—establishing an advance market agreement to contract for 20 million metric tons of high-integrity nature-based carbon removal credits by 2030. With this agreement and an open request for proposals launched in December 2024, Symbiosis is sending a strong demand signal to project developers, encouraging the production and financing of high-quality removals while creating a platform to increase the speed and scale of climate impact.

Quality is the foundation of Microsoft’s carbon removal efforts. We perform extensive due diligence to ensure that our projects demonstrate additionality, measurability, and permanence, and promote resilient and healthy communities. Our diligence seeks to ensure local communities have meaningful participation throughout project life cycles, and that projects advance effective community engagement plans that prioritize responsible sourcing practices.

Carbon Table 3

Tracking progress toward carbon negative by 2030

In FY24, we contracted nearly 22 million metric tons of carbon removals to be delivered at various points over the next 15+ years. This includes 2.8 million metric tons that we expect to be delivered in our FY30 goal year for carbon negativity and many more tons toward carbon negativity for FY31 and beyond.



Innovating for greater impact

We view our carbon removal program as a living laboratory, designed to inspire action and demonstrate what’s possible. By advancing new technologies and engaging the broader carbon removal ecosystem, we aim to create opportunities for buyers, investors, and developers, while making sustainability progress at Microsoft and beyond.

While prioritizing projects ready to scale by 2030, we are investing in emerging technologies to accelerate learning and technology development. In 2024, we supported carbon dioxide removal pathways such as enhanced rock weathering (ERW), soil organic carbon, carbon dioxide mineralization, and biochar, constructing tailored portfolios within promising pathways to advance scientific discovery and evaluate scalability.

Our contracts with ERW companies—Eion, Lithos, and Undo—are deploying groundbreaking science to explore ERW’s potential as a major contributor to high-durability carbon removal. These efforts highlight the importance of collaboration across suppliers, financiers, and other stakeholders to align investment and accelerate development of scalable solutions.

Measurement and adoption: Supporting accurate data and industry-wide change

Accurate measurement and the adoption of best practices are critical to achieving our carbon negative commitment and driving progress across industries. By implementing advanced methodologies like life cycle assessments (LCAs), improving supplier collaboration, and supporting the adoption of sustainable solutions, Microsoft is creating systems that enable insight-driven action. These efforts help us to quantify progress, identify areas for improvement, and empower suppliers and partners to make meaningful contributions to a collective future.

Measurement: Evolving data systems for greater impact

Data is at the heart of Microsoft's cloud logistics decarbonization strategy. In 2024, Microsoft was recognized as a Gartner Power of the Profession™ finalist for using data to identify emissions reduction opportunities from logistics. Our data systems help to:

- Evaluate impacts of business decisions to balance cost, carbon, and cycle time.
- Identify opportunities for process or network improvements across the supply chain.
- Differentiate suppliers based on emissions performance.

AI in action: Streamlining assessments

Microsoft is using AI-powered tools like Makersite to transform LCAs, reducing the time and effort required while significantly improving the accuracy and representativeness of results. By automating the analysis of bills of material (BOMs) and material compositions along with manufacturing processes, Makersite enables Microsoft to quickly and effectively model its supply chain to inform data-driven decisions and track carbon reductions.

For example, Surface and Xbox devices now benefit from faster, automated modeling of the manufacturing phase supply chain, with Makersite reducing the LCA modeling process by more than 80% per device. This efficiency allows sustainability teams to spend less time on manual data processing and more time on ecodesign and circularity.

In Azure hardware, Makersite supported our successful transition from spend-based to activity based carbon accounting in 2024—a critical milestone in precisely measuring Scope 3 emissions. By automating the analysis of BOMs across the global datacenter fleet, Makersite provides detailed cradle-to-gate insights for material extraction, manufacturing, and assembly. These insights empower engineering teams to make more informed decisions to support Microsoft's efforts to align with its 2030 carbon negative commitment.

Advancing LCA methodologies

For better decision-making

In FY24, Microsoft's Devices team launched a fully automated data collection process to facilitate seamless sustainability data exchanges with suppliers. We are also advancing our

data assurance processes through independent third-party external audits, including the use of onsite audits. In 2025, we are exploring opportunities to standardize supplier sustainability surveys and data collection across the industry to ease the reporting obligations on suppliers.

We've incorporated both the CFE data from our suppliers and the semiconductor manufacturing data from IMEC into customized Microsoft supplier-specific information. By integrating this primary data into product environmental LCAs, Microsoft has increased the representativeness of assessments, with 70% of the carbon footprint for devices informed by primary data—a significant improvement over the typical 20% of primary data use in LCAs for laptops and tablets. These insights are driving actionable opportunities to reduce carbon in our supply chain. For example, supplier data has enabled Microsoft to better quantify and track the environmental impacts of individual hardware components, identify carbon hotspots, and prioritize reduction strategies across our global operations.

Advancing LCA tools

Microsoft continues to enhance its LCA tools to quantify environmental impacts across datacenter, device, and cloud infrastructure operations. Beyond datacenter insights, such as assessing carbon emissions versus water trade-offs in cooling technologies, LCAs facilitate informed decision-making and help redistribute costs to prioritize regions most adversely affected. By applying these principles to devices and Azure hardware, and sharing tools through open-source platforms like the Open Compute Project, Microsoft aims to drive industry-wide adoption of LCA-informed practices that scale sustainable innovation.

Microsoft participates in the Interuniversity Microelectronics Centre (IMEC) Sustainable Semiconductor Technologies and Systems program, which assesses and works to reduce the environmental impacts of semiconductor manufacturing. Through customized life cycle inventories for over 400 chip configurations, we can track chip generations, forecast emissions, and differentiate environmental impacts across device and Azure hardware configurations with greater precision. However, LCAs can be time-consuming and labor-intensive, requiring detailed analysis of complex supply chains and product components. To address this, Microsoft is using AI to accelerate and enhance the LCA process, improving accuracy while significantly reducing the time required.

Embedding measurement to decarbonize the built environment

Accurate measurement is essential for advancing low-carbon construction and reducing embodied carbon. By integrating tools like environmental product declarations (EPDs) and Building Transparency's Embodied Carbon in Construction Calculator (EC3), Microsoft enables trade partners to quantify impacts, track progress, and make data-driven decisions. These efforts create a scalable model for low-carbon construction, setting a new standard for sustainability across the industry.

EPDs are essential for reducing embodied carbon because they provide detailed, standardized data on the environmental impacts of materials throughout their life cycle. This transparency helps project teams to compare materials and prioritize low-carbon alternatives. However, many trade partners are unfamiliar with EPDs, unsure of how to gather necessary

information from suppliers and manufacturers, or hesitant to adopt low-carbon materials due to perceived risks.

To address these barriers, Microsoft has invested in educating contractors and suppliers through training and webinars. These sessions demystify EPDs, demonstrating their role in identifying low-carbon materials and integrating them into construction projects. By fostering confidence in EPD adoption, Microsoft is empowering partners to align with shared decarbonization goals and embed measurement into decision-making processes.

EC3 builds on the insights provided by EPDs, serving as a cornerstone of Microsoft's building material carbon measurement practices by enabling precise, product-level accounting of materials' embodied carbon impacts. By using EC3, contractors can evaluate materials using detailed carbon data, moving beyond traditional broad estimates to make more informed, data-driven decisions.

Microsoft's process begins with early engagement of contractors, ideally during the request for proposal stage. By involving contractors in material sourcing, procurement, and fabrication, Microsoft uses their expertise to identify low-carbon materials and optimize project design. EC3 enhances this process by enabling precise material comparisons, transforming embodied carbon accounting from broad, spend-based estimates into actionable data. In 2024, Microsoft utilized a version of the Impact Accounting Methodology to refine carbon accounting in two datacenter construction projects. These pilots demonstrated measurable reductions in embodied carbon, increased supplier awareness of EPDs, and enabled greater integration of low-carbon materials into construction workflows.

HVAC systems represent a significant percentage of a datacenter's embodied carbon footprint, but embodied carbon information about these systems is often unavailable. However, Microsoft continues to work with a dedicated team that collaborates with actors throughout our supply chain to ensure that more equipment EPDs become available. This effort will enable not just Microsoft but our entire industry to make better-informed whole-life carbon decisions when selecting these critical systems.

To further support supplier decarbonization efforts, Microsoft Indirect Procurement teams have enhanced data collection and processing through the [ESG Value Chain Solution](#) within Microsoft Sustainability Manager. Initially focused on emissions disclosure, their use of the platform has evolved into a central hub for sustainability engagement, offering resources such as webinar recordings and program content to suppliers. AI-powered innovations have streamlined processes, including:

- Automated survey processing—supplier assurance letters are reviewed, values are extracted directly into disclosures, and compliance determination is automated with detailed feedback provided in a new Actions tab, resulting in a 94% reduction in time for our team to process supplier survey submissions, from 35 minutes per survey to two minutes per survey.
- Streamlined support desk—supplier support tickets are integrated into Microsoft Dynamics, where Copilot drafts responses for human agents based on program knowledge articles, improving customer satisfaction and response times.

Adoption

Microsoft is driving the adoption of best practices by setting ambitious standards for suppliers, providing tools that support implementation, and fostering industry-wide collaboration. By aligning supplier goals with our own, piloting innovative materials, and enhancing access to resources like CFE and SAF, we aim to create a ripple effect that extends well beyond our operations. These efforts are critical for scaling decarbonization across our value chain, supporting meaningful progress toward our 2030 commitments.

Elevating supplier standards to accelerate decarbonization

Since 2022, Microsoft's Devices Supplier Decarbonization program has built policies, procedures, data systems, and educational tools to align suppliers with our sustainability commitments. Over the past three years, this program has evolved to address the growing urgency of decarbonization, amplified by the introduction of the new Supplier Code of Conduct requirement to transition to 100% CFE by 2030.

Progress has been significant. As of FY24, 89 devices manufacturing facilities transitioned to 100% CFE for Microsoft production, marking a more than tenfold increase over the previous year. These efforts expanded CFE use and avoided nearly 232,000 mtCO₂e in emissions.

Many suppliers have gone beyond meeting minimum requirements, with several committing to the RE100 standard, ensuring the use of high-quality renewable energy resources. This effort underscores the importance of maintaining credible, impactful renewable energy standards across the supply chain.

Microsoft's approach has also inspired several suppliers to adopt similar sustainability practices. Many have modeled their Scope 3 emissions programs after Microsoft's Cloud Supply Chain efforts, demonstrating how collaborative partnerships can create ripple effects across industries. These changes not only amplify the impact of Microsoft's program but also contribute to an industry-wide shift toward decarbonization.

As the program continues to expand, Microsoft is focused on codifying best practices into supplier requirements while providing tools like the Supplier REach Portal to make decarbonization solutions more accessible. These efforts are accelerating the global transition to CFE and strengthening the resilience of Microsoft's supply chain.

Enhancing access through tools and partnerships

Recognizing that access to CFE and decarbonization solutions varies by region, Microsoft has launched several initiatives to support suppliers in overcoming these challenges. Key initiatives include:

- Supplier REach portal—launched in 2023, we partnered with global climate solutions expert 3Degrees to develop a portal that provides suppliers with streamlined access and a guided experience to procure CFE, helping them align with Microsoft's environmental sustainability commitments.

- SAF purchasing pilot—in 2024, Microsoft partnered with Choose to make SAF more accessible to our suppliers. Aviation-related emissions from business travel are a significant contributor to supplier carbon footprints. This partnership enables Microsoft suppliers to act on these emissions by supporting smaller-scale SAF purchases.

Recognizing progress and aligning expectations

As we reach the midpoint of our journey to 2030, we are celebrating the progress made with our suppliers while setting clear expectations for the path ahead. In October 2024, Microsoft hosted a supplier summit, bringing together suppliers across our supply chain.

The summit focused on advancing sustainability across the supply base, aligning suppliers with decarbonization goals, and sharing best practices for achieving impact at scale. This moment marked more than just a milestone—it highlighted the collective power of collaboration driving meaningful change.

By building strong partnerships and fostering transparency, Microsoft and its suppliers are accelerating progress toward a decarbonized future, reinforcing the idea that shared success is the foundation for industry-wide transformation.

Learnings and what's next

Advancing carbon market mechanisms.

As part of our efforts to reduce Scope 3 emissions, we are building on our experience with book-and-claim systems for sustainable fuels to contract for sustainable building materials certificates. By collaborating with multi-stakeholder groups, we aim to develop market infrastructure to scale these approaches, driving greater adoption and impact.

Building a robust carbon removal portfolio.

We continue to refine our carbon removal strategy by signing bankable, multiyear agreements across high, medium, and low durability pathways. These efforts will broaden our supplier base and geographic footprint, while accelerating financing for critical infrastructure and afforestation projects to deliver meaningful carbon removal credits by 2030.

Scaling community-focused sustainability infrastructure.

Through energy procurement efforts like Pivot and ReNew, we have learned a lot about the importance of leading with partnership, trusting the expertise of local communities, and authentically shifting power and decision-making such that new projects are fairly developed and enhance the health, safety, and overall well-being of the communities in which we operate. We are using these lessons learned and embedding these practices to enable a more sustainable future for all.

Driving datacenter innovation.

With rapid cloud business growth, we are advancing datacenter sustainability by developing strategies to integrate novel low-carbon materials into HVAC units, incorporating low-carbon requirements for materials and equipment in datacenter construction into our contracts, and identifying opportunities to improve operational efficiency

Declaration and Sign Off


This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard⁴ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting⁵.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁶.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

Signed by:  General Manager, Public Sector, Microsoft UK
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3/30/2026
Date:

⁴ <https://ghgprotocol.org/corporate-standard>
⁵ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>
⁶ <https://ghgprotocol.org/standards/scope-3-standard>