

EPEAT Responsible Supply Chains Criteria 2025 Assessment Metrics: 7.1.3¹

Microsoft performs a comprehensive annual risk assessment of Microsoft suppliers that produce or assemble Microsoft Surface Devices registered with EPEAT to identify prioritized facilities that carry elevated labor and occupational health and safety (OHS) risks. The assessment covers all risk categories listed in Annex C of EPEAT Responsible Supply Chains Criteria 2025. Supplier facilities found to have risk factors, based on priority non-conformances that have not been remediated within the timeframe specified by the audit program, are automatically considered Prioritized Supplier Facilities.

Microsoft completed 131 labor rights and OHS audits at Prioritized Supplier Facilities in Microsoft's Fiscal Year 2025 (July 1, 2024-June 30, 2025). The disclosures below encompass all prioritized suppliers utilized by Microsoft during the stated 12-month period.

100% of directly contracted prioritized supplier facilities were audited by Microsoft or through the Responsible Business Alliance Validated Assessment Program within the past 3 fiscal years. The percentage of total audited Prioritized Supplier Facilities by risk category is shown below:

Risk Category	FY23	FY24	FY25
Low Risk	24%	18%	12.7%
Medium Risk	62%	73.8%	77.8%
High Risk	14%	8.2%	9.5%

Microsoft works with suppliers to enhance capacity and drive continuous improvement. We coordinate closely with suppliers to identify root causes and develop corrective and preventive action plans to address non-conformances. We equip them with the tools they need to understand our expectations and cultivate a culture of responsible sourcing within their organization. Through our SEA Academy, they receive a series of online courses which set out specific Microsoft Social and Environmental Accountability (SEA) requirements.

The following table summarizes the top 10 major non-conformance categories and subsequent corrective actions taken at Prioritized Supplier Facilities from July 2022 through June 2025:

Non-Conformance Category	# of Major Non-Conformances	Percentage of Total Supplier Facilities Impacted
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¹ This report is prepared to demonstrate compliance with EPEAT Responsible Supply Chains Criteria 2025, Section 7.1.3, Part C and its content is limited to that required by Part C.

Supplier Sub-Tier Supplier Responsibility	82	38%
Occupational Safety	72	49%
Working Hours	71	41%
Emergency Preparedness and Response	57	49%
Freely Chosen Employment	37	34%
Wages and Benefits	26	18%
Machine Safeguarding	26	24%
Industrial Hygiene	24	25%
Hazardous Substances	20	20%
Sanitation, Food, Housing	17	18%

For each non-conformance listed in the above table, supplier Corrective Action Plans were validated by third-party auditors and/or Microsoft. Microsoft worked collaboratively with suppliers to address compliance gaps, and suppliers were required to remediate findings within severity-based timelines. Corrective Action Plans for all identified non-conformances listed above have been completed, with supporting evidence submitted and approved

For over two decades, Microsoft has maintained a corporate integrity hotline to address concerns related to potential misconduct, including grievances. Additionally, Microsoft provides various publicly accessible channels that allow individuals to report concerns regarding possible violations of laws, Microsoft's Codes of Conduct, or company policies. Information about these channels is available on [Microsoft's Integrity Portal](#).

Microsoft's channels are open to all employees, external parties, workers, and worker representatives in our supply chains, communities in the vicinity of Microsoft sites, suppliers, and any other interested stakeholders or persons. They include:

- an international, or in some countries local, toll-free telephone number, which operates all day, every day; offers support in multiple languages; and can be used anonymously;
- an online portal, which is available in several languages and can be used anonymously; and
- submission by email, fax, or mail, as directed.

Microsoft will maintain confidentiality to the extent possible and will not tolerate any retribution or retaliation taken against any individual who has sought out advice or reported questionable behavior or a possible violation of the Microsoft Supplier requirements.

Suppliers are expected, consistent with applicable laws and contractual obligations, to provide reasonable assistance to any investigation by Microsoft of a violation, and to allow Microsoft reasonable access to all facilities, records and documentation concerning their compliance with the laws, regulations or Microsoft Supplier Requirements under investigation.

Microsoft aligns with the United Nations Guiding Principles on Business and Human Rights, following their expectations for corporate respect for human rights, including policy commitment, due diligence, stakeholder engagement, and remediation. Microsoft has partnered with the following organizations to uphold these expectations:

- Responsible Business Alliance (RBA)
- Responsible Minerals Initiative (RMI)
- Responsible Mining Assurance (IRMA)
- Business for Social Responsibility (BSR)

Microsoft Suppliers must adhere to the [Microsoft Supplier Code of Conduct](#), which includes obligations to respect workers' rights to freedom of association, collective bargaining, and peaceful assembly (including the right to refrain from such activities) in accordance with local legal requirements and responsibilities, international standards, such as International Labour Organization standards, or Microsoft requirements, whichever are stricter. Employees must be free to join associations of their own choice and select their representatives according to local and international practices. Management shall ensure that the workers' organization can carry out its representative role free from interference, discrimination, retaliation, and harassment. When local laws or circumstances restrict this right, Suppliers should pursue other ways of engaging in meaningful dialogue with their workers on employment issues and workplace concerns. SA 8000 and the RBA VAP cover these requirements, and these requirements are included in our supplier audit program.