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## Shareholder Proposals

Receipt of a majority of the votes cast is required to approve each of the following shareholder proposals. We will furnish the address and number of shares held by the proponents of any of the following shareholder proposals upon receipt of a request to the Corporate Secretary for such information.

### Shareholder Proposal 1

Ridgeline Research has advised us that they intend to submit the following proposal for consideration at the Annual Meeting.

#### Diversity and Inclusion Cost/Benefit Analysis Proposal

We view Microsoft as being organized to provide the best quality goods and services to its customers while maximizing the return to the investors who fund the Company. As with any corporate initiative, prioritizing diversity comes with a cost. It's clear that Microsoft's Diversity & Inclusion program (D&I) is a major strategic initiative and as shareholders we feel the Global Diversity & Inclusion Report (2021), lacks a complete analysis of the quantified net benefit to shareholders, costs, and risks and is thus incomplete. Given the substantial resources committed to the program, as well as its visibility and importance, as shareholders we feel its net benefit should be measured and quantified using sound financial analysis. Without establishing such a full business justification, the program's benefit to shareholders, as well as its sincerity and motives are in doubt.

The quoted statements below are excerpts from Microsoft's 2021 Global Diversity & Inclusion Report and are included to denote the size, scope, and importance of its Global Diversity & Inclusion program.

"This is our third annual report and our eighth consecutive year of publicly publishing our workforce demographics data. Over that time, diversity, and inclusion (D&I) has evolved far beyond compliance to a key organizational priority and societal expectation"

"With this report, we offer a quantified, transparent look at where we are now on D&I, where we've made progress, and—most importantly—where we need to improve."

"Our commitment to this growth starts at the top with a senior leadership team who are themselves steadfastly committed and passionate about the importance of this work to the competitive advantage of the company."

**RESOLVED:** Shareholders request that Microsoft issue a public report prior to December 31, 2022, omitting confidential and privileged information and at a reasonable expense, detailing a cost vs. benefits analysis of Microsoft's Global Diversity & Inclusion efforts. A summation of this report should subsequently be included in the next annual update of Microsoft's Global Diversity & Inclusion Report.

**SUPPORTING STATEMENT:** Shareholders recommend that the report evaluate any risks, benefits and costs to the company associated with Microsoft's Global Diversity & Inclusion program, initiatives, policies, and training, alongside a valuation of the programs corresponding implicit benefit. In its discretion, the board's analysis may include any costs or effects on employee morale and cohesion, hiring, retention, and productivity, etc. (collectively the components of "competitive advantage") Presented in an objective quantifiable manner which will allow a cost benefit analysis. The Report should be calculated with the most recent annual reporting periods data.

1 GOVERNANCE AND  
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DIRECTORS

2 NAMED  
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3 AUDIT  
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4 PROPOSALS TO  
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ABOUT THE  
MEETING

## Board Recommendation

*The Board of Directors recommends a vote AGAINST the proposal for the following reasons:*

### COMPANY STATEMENT IN OPPOSITION

In short, Microsoft does not provide detailed cost-benefit analyses of other aspects of running our business and believes it is unnecessary and indeed counter-productive to single out our diversity and inclusion commitments and programs for a public justification, particularly when we believe this request is motivated by an animosity to diversity and inclusion commitments on behalf of the proponents.

Microsoft's executive leadership and Board of Directors hold strong convictions that diversity and inclusion is fundamental to the Company's long-term success. Indeed, Microsoft's mission is deeply inclusive: empower every person and every organization on the planet to achieve more. To achieve that mission, we need to make sure our workforce represents a variety of backgrounds, identities, geographies, and perspectives needed to understand the customers we are building products and services for. Beyond representation, inclusion is also central to our success. We seek to create environments where that diverse range of people are excited to bring all of who they are and do their best work.

Beyond enabling us to fulfill our mission, our commitments to diversity and inclusion are essential to attracting and retaining world class talent, maintaining regulatory compliance and our license to operate around the globe, meeting growing societal expectations, and meeting rising customer and shareholder expectations. As a strategic business priority, diversity and inclusion are factors in the operational assessment portion of Microsoft's executive compensation program to determine the annual cash bonus the CEO and entire Senior Leadership Team receive.

Microsoft Chairman and CEO Satya Nadella and other Company leaders have articulated these benefits and other business value gained from diversity and inclusion in internal and external speeches and public events such as Microsoft Include 2021. Given this ongoing discussion, we believe the request to include detailed cost-benefit information as part of our existing annual Global Diversity and Inclusion reporting is unnecessary for shareholders and stakeholders to understand the business value of Microsoft's commitments to diversity and inclusion.

Microsoft's leaders set a wide range of strategic investments and undertake commitments critical to the Company's long-term success without publishing formal cost-benefit analyses. To single out our diversity and inclusion initiatives as requiring this type of public quantitative justification undercuts what we know to be true: the business importance of these initiatives to Microsoft and our shareholders.

It's for these reasons we've continued to deepen our commitment to diversity and inclusion and enhance our reporting on progress. For the latest information on diversity and inclusion at Microsoft please visit [microsoft.com/diversity](https://microsoft.com/diversity).