



**Whereas:** Numerous studies have pointed to the material benefits of a diverse workforce. These include:

- Companies with the strongest racial and ethnic diversity are 35 percent more likely to have financial returns above their industry medians.
- Companies in the [top quartile for gender diversity](#) are 21 percent more likely to outperform on profitability and 27 percent more likely to have superior value creation.
- A 2019 study of the S&P500 by the Wall Street Journal found that the [20 most diverse companies](#) had an average annual five year stock return that was 5.8 percent higher than the 20 least-diverse companies.

[Microsoft's website states:](#) "Microsoft is hiring and developing the best, most globally diverse talent . . . As Microsoft establishes itself as the world's technology leader, we'll need the talents and perspectives of diverse populations to bring about superior results." However, Microsoft has released insufficient data for investors to determine the effectiveness of its human capital management programs related to workplace diversity. Without information on program outcomes, investors are concerned that Microsoft's statements could be taken by stakeholders as corporate puffery, language described by the United States Federal Trade Commission as unreliable marketing exaggerations intended to "puff up" companies or products. Investors have reason to be wary, as Microsoft has faced a series of allegations of [discrimination](#) and [harassment](#).

Microsoft's inclusion data – specifically the retention and promotion rates of diverse employees – is needed for a full understanding of the true experience of Microsoft's employees, beyond the narrative content and workplace composition data the company provides. For example, retention rate data allows investors to assess if a company is masking a toxic workplace culture through high recruitment. Peer companies whose current disclosure of inclusion data surpasses Microsoft include: Alphabet, Apple, Autodesk, Intel, NVIDIA, Oracle, PayPal, Salesforce.com, Teradyne, Xerox, and many others. Of Microsoft's 15 Information Technology company peers in the S&P100, 20% share at least one retention statistic by gender, race or ethnicity, and 40% share at least one promotion statistic by gender, race or ethnicity. Despite its commitment to leadership, Microsoft does not release these results.

**Resolved:** Shareholders request that Microsoft Corporation (Microsoft) report to shareholders on the outcomes of the Company's diversity, equity, and inclusion efforts. The reporting should be done at reasonable expense, exclude proprietary information,



and provide quantitative metrics and data on the retention and promotion rates of employees by gender, race, and ethnicity.

**Supporting Statement:** Quantitative data is sought so that investors are able to compare, understand, and assess the effectiveness of companies' diversity, equity, and inclusion programs and to apply this analysis to investors' portfolio management and securities selection process.