Shareholders Say Microsoft's Business Practices are Undermining Privacy, Perpetuating Racism and Threatening Human Rights

Investors have filed three shareholder proposals with Microsoft Corp. seeking accountability for the ways in which the company's lobbying practices, surveillance technologies, and contracts with ICE and other government agencies contradict the company's own statements and values around racial justice and human rights.

The shareholder proposals highlight an apparent gap between Microsoft's stated principles and policies, and the actual impact of its business and lobbying practices, particularly on communities of color.

- A Human Rights Policy Implementation proposal examines the company's public affirmative human rights statements and contrasts them with multiple adverse human rights impacts associated with Microsoft surveillance technologies, high risk products and contracts — including contracts with ICE, sales of surveillance technologies to the New York City Police Department (NYPD) and Department of Defense (DOD). The proposal asks the company to commission an independent report evaluating how well Microsoft is implementing its human rights statements and other policies "in the development of products, contracts, and business relationships with government agencies, including law enforcement."

- A second proposal cites privacy experts who say Microsoft's lobbying on privacy and facial recognition bills is undermining efforts to pass strong consumer privacy protections. It requests an evaluation discussing "if, and how, Microsoft's direct and indirect lobbying activities align with company policies and principles on artificial intelligence, public policy, human rights,and racial justice, and how the company plans to mitigate risks created by any misalignment."

- A third shareholder proposal follows Microsoft's 2020 moratorium on sales of facial recognition technology to police, and asks the company to ban sales of facial recognition to *all* government agencies, noting that "facial recognition technologies in the hands of government are an inherent threat to civil and human rights."

The Human Rights Policy Implementation and Lobbying Alignment proposals were organized by Open MIC and Investor Advocates for Social Justice, on behalf of the Religious of the Sacred Heart of Mary and the Congregation of the Sisters of St. Joseph of Peace, respectively and 11 co-filers. The proposal regarding facial recognition was filed by Harrington Investments Inc., also with support from Open MIC.

Mary Beth Gallagher, Executive Director, Investor Advocates for Social Justice: "Investors are concerned that Microsoft's human rights and racial justice commitments are not being put into practice, given the high number of controversial contracts and business relationships, including with ICE, police departments and the DOD. While Microsoft claims to support regulation on privacy and facial recognition, their actions seem to be misaligned."

Sr. Joanne Safian, RSHM, Religious of the Sacred Heart of Mary: "In accord with our congregation's Mission "that all may have life," and as part of our commitment to advancing justice and racial equity as a congregation, the Religious of the Sacred Heart of Mary seeks to live out this commitment in our responsible investing activities. Concerned about how Microsoft ensures the implementation of its Human Rights Statement, we took the opportunity to lead the Human Rights Policy Implementation proposal with Microsoft to foster constructive engagement about putting policy into practice to ensure that business activities do not cause human rights harms, including perpetuating systemic racial inequities."

John Harrington, President, Harrington Investments: "Facial recognition technologies utilized by the private and public sectors seriously threaten civil liberties for everyone. The threats are greatest for people of color and others who have been historically and currently marginalized and targeted by government, including law enforcement and immigration agencies. That's why Harrington Investments has worked to raise concerns about facial recognition at Amazon for the last three years – with higher shareholder vote totals each year – and why we've now filed this important proposal at Microsoft. Sales of facial recognition technologies to government entities are dangerous - and Microsoft needs to ban this technology immediately."

Hannah Lucal, Associate Director, Open MIC: "These shareholder proposals expose how Microsoft does not walk its talk. As the company makes statements in support of racial justice, it continues to quietly market an array of technologies that expand police and ICE surveillance and disproportionately harm Black and Brown communities. Despite setting a moratorium on sales of facial recognition to police, Microsoft has also aggressively lobbied for legislation that permits police use of facial recognition. Investors are now signaling that no amount of human rights branding can hide the fact that Microsoft is enabling government agencies with a history of racism and human rights abuses."

Jennifer Lee, Technology & Liberty Project Manager, ACLU: "Facial recognition technology perpetuates racial injustice, and jeopardizes everyone's privacy and civil liberties, regardless of its inaccuracies. If Microsoft is truly committed to protecting our democratic freedoms and standing for racial justice, it must permanently divest from selling facial recognition technology to all government entities, including law enforcement. We strongly support a shareholder proposal that would prohibit the sale of facial recognition to government agencies and help ensure Microsoft is fulfilling its stated values."

Jacinta Gonzalez, Senior Campaign Director, Mijente: "Microsoft is making hundreds of millions selling software services to ICE, turbocharging their deportation practices & creating fear in immigrant communities. This tech-powered enforcement allows ICE to find and deport thousands of people each year. It's crucial investors see this for what it is: a stain on the work the corporation does that won't go away until these contracts are canceled."

Dov Baum, Director of Economic Activism, AFSC: "We invest in Microsoft and we expect it to invest back in us and in our communities, to use its market leverage to promote people's wellbeing and freedom. Despite its public commitments to human rights and to racial justice, the company continues to create tools enabling the racist criminalization of communities of color and of immigrants. We ask Microsoft to re-examine its role in designing the infrastructure for a mass-surveillance security state in the light of its own statement of values."

Microsoft now has the opportunity to respond to shareholders' concerns: the company could choose to meet the shareholders' requests, and shareholders could then withdraw the proposals; or, alternatively, the company may choose to ignore the proposals, or even work to block shareholders from voting on these issues by challenging the proposals at the Securities and Exchange Commission, as Amazon and other big tech companies have historically tried to do — unsuccessfully — in order to avoid shareholder votes on issues of surveillance, privacy, racial justice and human rights. Last month, 42% of independent shareholders voted in support of two resolutions asking Amazon to report on the civil and human rights impact of its facial recognition technology, Rekognition, and on its oversight of customers use of its technology, and over 70% of independent shareholders voted in support of a resolution asking Thomson Reuters to report on the potential human rights abuses associated with its work with ICE.