

Resolved: Shareholders request that the Board of Directors oversee an evaluation and issue a public report, at reasonable cost and omitting proprietary information, describing 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.

Whereas, on federal lobbying, Microsoft spent \$9,464,000 in 2020, \$10,300,000 in 2021, and \$2,590,000 in 2022, including on privacy, defense, homeland security, and border militarization.¹ Bipartisan lawmakers have introduced numerous federal privacy bills, and President Biden is expected to issue an executive order on companies’ collection of personal data.² Civil society and the investor community are increasingly concerned about the use of Microsoft technology in military operations in conflict-affected areas, at borders, and for immigration enforcement.³

Microsoft principles and statements appear to contradict its lobbying practices.

Microsoft has positions on federal privacy regulations and protecting privacy in the online environment.⁴ In 2020, Microsoft lobbied for a Virginia law that was the model for bills introduced in 14 other states which conflict with company values stated in its policy agenda, such as affirmative consent.⁵ Experts say these bills fail to safeguard privacy and undermine efforts to pass a strong federal privacy law.⁶

In 2020, Microsoft committed not to sell facial recognition to police “until there is a strong national law grounded in human rights,”⁷ and it has urged governments to consider “civilian oversight and accountability” of facial recognition.⁸ However, Microsoft lobbies for and testified in support of laws

¹ <https://www.opensecrets.org/orgs/microsoft-corp/summary?id=D000000115>

²

<https://www.reuters.com/technology/biden-issue-order-address-data-collection-apps-like-wechat-tiktok-sources-2021-06-09/>

³ <https://investigate.afsc.org/tags/high-tech-surveillance-immigrants>;

<https://www.tni.org/files/publication-downloads/more-than-a-wall-report.pdf>;

<https://www.nytimes.com/2019/03/04/technology/technology-military-contracts.html>;

<https://www.business-humanrights.org/en/latest-news/usa-employees-urge-tech-companies-to-withdraw-bids-for-10-million-contract-with-department-of-defense/>;

<https://www.tni.org/en/financingborderwars>

⁴

<https://news.microsoft.com/2005/11/03/microsoft-advocates-comprehensive-federal-privacy-legislation/>;

http://download.microsoft.com/download/d/0/9/d09fda37-e3b2-4629-8691-7bb16e2613b8/public_policy_agenda.doc

⁵

<https://news.microsoft.com/cloudforgood/policy/briefing-papers/trusted-cloud/protecting-personal-privacy.html>

⁶

<https://themarkup.org/privacy/2021/04/15/big-tech-is-pushing-states-to-pass-privacy-laws-and-yes-you-should-be-suspicious>

⁷ <https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RE4JaGo>;

<https://www.cnet.com/news/microsoft-bans-police-from-using-its-facial-recognition-software/>

⁸

<https://blogs.microsoft.com/on-the-issues/2018/07/13/facial-recognition-technology-the-need-for-public-regulation-and-corporate-responsibility/>

that enable police use of facial recognition and undermine such local accountability efforts.⁹ In 2020, a Microsoft employee — who is also a Washington State Senator — prime sponsored¹⁰ a weak, industry-backed state facial recognition bill, which was strongly opposed by a large coalition of privacy advocates, racial justice advocates, and consumer rights organizations.¹¹ Contradicting Microsoft’s claim that the Washington bill “offers protections for civil liberties,”¹² privacy expert Jennifer Lee said Microsoft’s bill “purports to put safeguards...but does just the opposite.” In 2021, After Google decided to quit working on Project Maven in 2018, Microsoft took on Department of Defense contracts worth \$50 million to help the military identify objects from drone and other aerial footage.¹³

Despite its commitment to use “data, technology, and partnership to help improve the lives of Black and African American citizens”¹⁴ and its Responsible AI principle on fairness,¹⁵ Microsoft lobbied against a bill that would ban governments from using facial recognition until the systems were equally accurate “for people of differing races, skin tones, ethnicities, genders, or age.”¹⁶

In 2021, the Conference Board reported that five shareholder proposals on corporate lobbying received majority support and that shareholders are increasingly focusing on lobbying alignment with stated positions.¹⁷

Microsoft’s disclosures, including its Principles and Policies for Guiding Microsoft’s Participation in the Public Policy Process,¹⁸ fail to address investor concerns about the misalignment between policy and lobbying practices.

10

⁹ <https://www.protocol.com/microsoft-privacy-bills-in-four-other-states> ;
<https://wired.com/story/microsoft-wants-rules-facial-recognition-just-not-these/>

10

<https://onezero.medium.com/a-microsoft-employee-literally-wrote-washingtons-facial-recognition-legislation-aab950396927>

11

<https://www.aclu-wa.org/story/we-need-face-surveillance-moratorium-not-weak-regulations-concerns-about-sb-6280>

¹² <https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RE4JaGo>

13

<https://www.forbes.com/sites/thomasbrewster/2021/09/08/project-maven-amazon-and-microsoft-get-50-million-in-pentagon-drone-surveillance-contracts-after-google/?sh=547de50c6f1e>

¹⁴ <https://blogs.microsoft.com/blog/2020/06/23/addressing-racial-injustice/>

¹⁵ <https://www.microsoft.com/en-us/ai/responsible-ai?activetab=pivot1:primaryr6>

¹⁶ <https://wired.com/story/microsoft-wants-rules-facial-recognition-just-not-these/>

17

<https://corpgov.law.harvard.edu/2021/02/11/2021-proxy-season-preview-and-shareholder-voting-trends-2017-2020/>

¹⁸ <https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RE1F8WC>