impak

The independent impact rating agency™

Alphabet Inc

2023 Analysis

Published on January 24, 2023

Impact statement

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Alphabet Inc

Summary

impak Score™

Impact type

Z Does cause harm

Where are the positive impacts in the business model

Impacts	Other bets	Google cloud	Google services
- Supporting Black entrepreneurs in the U.S. through the implementation of a diverse suppliers program	○	○	○
- Supporting emerging technology businesses through investments in Google's portfolio of Other Bets, along Google for Startups Accelerator: Climate Change	○	○	○
Business line turnover	0.29%	7.46%	92.25%

Business lines

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Positive impact

Positive impact score **0** / 500

Actual positive impacts

		Impact type
SDG	8. Decent work and economic growth	
Target	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	B
Outcome	Development of micro-enterprises and small and medium-sized enterprises	

Activity

- Supporting emerging technology businesses through investments in Google's portfolio of Other Bets, along Google for Startups Accelerator: Climate Change

Part of activities addressing SDG

1%

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What

Outcome in period	No information
Importance of the outcome to stakeholder	High
Outcome threshold	No information
Company objective	No information
SDG	8. Decent work and economic growth
SDG target	8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

Who

Stakeholders	- Indirect: Scientific and technological community - Direct: Small and medium technology companies
Geographical boundary	No information
Baseline	No information
Stakeholder characteristics	No information

How much

Scale	No information
Depth	No information
Duration	Long duration: more than one year

Contribution

Depth	No information
Duration	No information

Risk

Evidence risk	High: Sufficient high-quality data needs to be provided to know what impact is occurring. Alphabet provides limited qualitative information on investments in previous years. However, no quantitative data can quantify the impact and assess its evolution.
External risk	Non material
Stakeholder participant risk	Medium: Alphabet lacks comprehensive stakeholder mapping and analysis. There is no information is disclosed on the scope of the process, timeline, and level of engagement for this specific outcome. There is a medium probability that the needs of the stakeholders are not fully considered for this impact.
Drop off risk	High: Without proper data on impact duration and company follow-ups, it is not possible to assess if the positive impact is likely to continue after the investment in small and medium technology companies is over, and there is a high probability that the positive impact does not endure.
Efficiency risk	Non material
Execution risk	Non material
Alignment risk	Medium: Alphabet is a for-profit company and has a governance structure that supports the generation of the outcome by incorporating the Board of Directors in the decision making process of new investments
Endurance risk	Non material
Unexpected risk	Non material

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SDG 10. Reduced inequalities

Target 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Outcome Empowerment and social, economic and political integration of all

Impact type

B

Activity

- Supporting Black entrepreneurs in the U.S. through the implementation of a diverse suppliers program

Part of activities addressing SDG

1%

What

Outcome in period	No information
Importance of the outcome to stakeholder	High
Outcome threshold	No information
Company objective	No information
SDG	10. Reduced inequalities
SDG target	10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Who

Stakeholders	- Direct: Minority owned businesses
Geographical boundary	Global
	No information
Baseline	No information
Stakeholder characteristics	No information

How much

Scale	No information
Depth	No information
Duration	Short duration: a few hours to a few days

Contribution

Depth	No information
Duration	No information

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Risk

Evidence risk	High: Sufficient high-quality data needs to be provided to know what impact is occurring. Alphabet provides clear qualitative information, however, there are no quantitative data to quantify the impact and assess its evolution.
External risk	Non material
Stakeholder participant risk	Low: Alphabet considers vulnerable stakeholders as the primary beneficiaries of the outcome intended. However, it provides limited information on its stakeholder engagement process and method.
Drop off risk	High: Without proper data on impact duration and company follow-ups, it is not possible to assess if the positive impact is likely to continue after the supplier diversity initiative is over, and there is a high probability that the positive impact does not endure.
Efficiency risk	Non material
Execution risk	Non material
Alignment risk	High: Alphabet is a for-profit company and the generation of this impact is not locked into the company's business model and governance practices.
Endurance risk	Non material
Unexpected risk	Non material

Considered positive impacts

SDG	4. Quality Education
Target	4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Outcome	Development of skills needed for employment, decent work and entrepreneurship

Activity

- Increasing the employability of underserved populations, including people transitioning out of prison in the U.S., by providing training and internship programs in the information and communication technology field

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

Financial materiality: considered as positive impact, but lack of information to calculate % of activities

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SDG 11. Sustainable cities and communities

Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

Outcome Enhancement of inclusive and sustainable urbanization

Activity

- Helping cities manage and reduce GHG emissions through the Environmental Insights Explorer, which uses exclusive data sources and modelling capabilities in a freely available platform, allowing cities to measure emission sources, run analyses and identify strategies to reduce emissions

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✗ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

Considered as positive impact but lack of information to calculate % of activities

SDG 12. Responsible consumption and production

Target 12.2. By 2030, achieve the sustainable management and efficient use of natural resources

Outcome Sustainable management and efficient use of natural resources

Activity

- Providing Google search users in the US additional information on the environmental impact of products and travel routes, prioritizing products and services with low carbon emissions.

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✗ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

The organization does not provide sufficient proof the activities can turn into the desired outcome

SDG 12. Responsible consumption and production

Target 12.2. By 2030, achieve the sustainable management and efficient use of natural resources

Outcome Sustainable management and efficient use of natural resources

Activity

- Developing a commercial application for sustainable commodity sourcing that combines the power of cloud computing with satellite imaging and AI

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✗ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

The organization does not provide sufficient proof the activities can turn into the desired outcome

SDG 12. Responsible consumption and production

Target 12.2. By 2030, achieve the sustainable management and efficient use of natural resources

Outcome Sustainable management and efficient use of natural resources

Activity

- Enabling sustainable transit by offering users the most fuel-efficient route using Google Maps in the US and, Integrating Bike and scooter share information in over 300 cities across the world and offering alternative transit options, such as public transportation, biking routes and carpooling

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✗ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

The organization does not provide sufficient proof the activities can turn into the desired outcome

SDG 13. Climate action

Target 13.2. Integrate climate change measures into national policies, strategies and planning

Outcome Reduction of greenhouse gas emissions

Activity

- Helping people save on energy with the commercialization of Nest thermostats, enabling customers to be more thoughtful about their individual impact, streamlining a customer's daily decisions about resource consumption and optimizing energy consumption when the power grid supplies renewable energy , thus making sustainable choices easier for busy households

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✗ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

The organization does not provide sufficient proof the activities can turn into the desired outcome

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SDG 17. Partnership for the goals

Target 17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

Outcome Increase in impact finance

Activity

- Funding environmentally and socially responsible projects by issuing sustainability bonds in the following areas: energy efficiency, clean energy, green buildings, clean transportation, circular economy and design, affordable housing, commitment to racial equity, support for small businesses and COVID-19 crisis response

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✗ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

The activities are considered as mitigation activities of the companie's negative impacts

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Negative impact

Negative impact score **30** / 300

Actual negative impacts

SDG 3. Good health and well-being

Outcome Consumer welfare, health and safety

Company acknowledgement Yes

Impact type: Z

Activity generating negative impact Mitigated

- Risk of creating psychological addictions to digital media and platforms that can have adverse cognitive effects on consumers' health ;- Distributing harmful products;- Generating an impact on consumer welfare, health and safety by allowing the spread of violent or other forms of harmful online content and by allowing the promotion of negative messages (normalization of discrimination, anorexia, and the sexualization of young adolescents)

Activity mitigating negative impact

- Actively assessing solutions to ensure fairness and unbiasedness in the search engine
- Implementing content policies to avoid spreading harmful online content

Stakeholders

Indirect Civil society | Indirect Administration and governments | Direct Consumers | Direct Clients

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SDG 3. Good health and well-being

Outcome Air pollution

Company acknowledgement No

Impact type: A

Activity generating negative impact Mitigated

- Emitting air pollutants through operational activities, such as nitrous oxides (NOx) and sulphur oxides (SOx) from data center power generation

Activity mitigating negative impact

- Increasing the share of renewable energy across company sites (scope: 100% of the Company's electricity consumption in data centers and offices)

Stakeholders

Indirect Planet | Direct Local ecosystems | Direct Inhabitants, neighbors

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SDG 5. Gender Equality

Outcome Diversity and inclusion

Company acknowledgement Yes

Impact type: Z

Activity generating negative impact Mitigated

- Contributing to gender inequalities through under-representation of women in management and STEM-related positions, and a potential gender pay gap across the organization
- Contributing to ethnic inequalities through a lack of ethnic diversity in the workforce

Activity mitigating negative impact

- Implementing recruiting practices and processes aimed at eliminating personal biases through the Inclusive Hiring Steps and Culture Add training for hiring managers and recruiters
- Establishing employee resource groups aimed at promoting diversity and inclusion
- Implementation of group-wide Guiding Principles which include diversity, equity and inclusion guidelines
- Integrating people with disabilities through workplace adaptations
- Implementing dedicated mentoring and leadership programs to encourage the professional development of employees of racial minorities
- Implementing procedures to address pay inequalities, including conducting pay equity reviews on a regular basis

Stakeholders

Indirect Civil society | Indirect Local communities | Direct Vulnerable groups | Direct Women employees

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SDG 6. Clean water and sanitation

Outcome Water withdrawal and consumption

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

- Consuming large volumes of water linked to electricity generation and cooling equipment to operate data centers

Activity mitigating negative impact

- Implementing local water-efficiency projects near company locations, including watershed preservation initiatives
- Improving water efficiencies across operations through landscape guides to minimize water use
- Developing water circularity solutions to recycle and reuse water in data centers
- Implementation of a water management plan across company operations that include water saving projects at local sites like wetland restoration, rainwater harvesting, and land conservation

Stakeholders

Indirect Planet | Direct Local ecosystems | Direct Local communities

SDG 7. Affordable and clean energy

Outcome Energy consumption

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

- Consuming significant amounts of energy through operational activities:network operations and assets including data centres, IT infrastructure, buildings and facilities, vehicle fleet, purchased electricity and heating.

Activity mitigating negative impact

- Utilizing machine learning solutions to reduce energy consumption of own data centers
- Implementation of LEED certifications for buildings (Scope: 1.7 million m2 of Google office facilities, of which 26% is LEED Platinum-certified, and 60% is LEED Gold-certified)
- Increasing energy efficiency of operations through the expansion and improvement of energy-efficient facilities and infrastructure at four data centers
- Implementation of ISO 50001 energy management system certifications for buildings (Scope: operational European data centers)

Stakeholders

Indirect Planet | Direct Local communities | Direct Local ecosystems

SDG 8. Decent work and economic growth

Outcome Poor labour and working conditions

Company acknowledgement Yes

Impact type Z

Activity generating negative impact Mitigated

- Contributing to poor labour and working conditions, such as restricted freedom of association, harassment and hostile working environment
- Risk of violating human rights due to child or forced labour in the supply chain

Activity mitigating negative impact

- Implementation of a whistleblowing platform to receive complaints of breaches of labour and human rights across company operations
- Implementing a policy on harassment, discrimination, retaliation, standards of conduct, and workplace concerns
- Providing employees who manage relationships with higher-risk suppliers with supplemental in-person training on human rights
- Conducting human rights impact assessments and due diligence of company sites to ensure the respect of labour and human rights
- Conducting due diligence of suppliers to ensure the respect of labour and human rights

Stakeholders

Indirect Local communities | Indirect Sub-contractors | Indirect Contractors | Direct Vulnerable groups | Direct Vulnerable groups

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SDG 12. Responsible consumption and production

Outcome Product or service lifecycle management

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

Generating environmental and social impacts throughout the lifecycle of operating activities:
- Cloud operations: reliance on data centers which need to be continuously powered and are energy-intensive
- Consumer hardware: large amounts of greenhouse gases are emitted due to energy consumption during the product use phase; contribution to the planned obsolescence of devices due to high rates of technological advancement, as well as electronic waste at the product's end-of-life
- Artificial intelligence: artificial intelligence may enable several social issues including breaches of privacy, discrimination, human rights violations, etc.

Activity mitigating negative impact

- Training employees on technology ethics to support responsible innovation of AI solutions
- Working with non-governamental institutions in the research on the application of IA as a tool to facilitate a transition towards circular economy
- Raising awareness of internet users on best practices of google services to promote a circular economy
- Eco-designing electronics using recyclable metals to ensure lower impact during the lifecycle
- Contributing to the circular economy loop by using refurbished servers and repairing IT infrastructure in data centers
- Contributing to the circular economy through take-back programs to recycle used IT devices
- Utilizing raw materials with lower environmental impacts, including recycled materials

Stakeholders

Indirect Civil society | Indirect Planet | Direct Local ecosystems | Direct Local communities

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SDG 12. Responsible consumption and production

Outcome Waste generation and hazardous materials management

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

- Generating hazardous waste through electrical and electronic equipment (WEEE) generated from consulting activities and IT infrastructure services
- Generating non-hazardous waste through corporate services: office waste (paper, plastic, cardboard)

Activity mitigating negative impact

- Implementing initiatives following the 3R (Recycle, Reuse, Recover)
- Implementation of the UL 2799 Zero Waste to Landfill certification standard for several final assembly manufacturing sites

Stakeholders

Indirect Planet | Direct Local ecosystems | Direct Local communities

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SDG 13. Climate action

Outcome Greenhouse gas emissions

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

Emitting greenhouse gases through direct and indirect activities:
- Scope 1: direct emissions from direct heating, emergency generators, fuel consumption by corporate vehicles, and fugitive emissions from refrigerant gases
- Scope 2: indirect emissions from electricity consumed to power company offices, servers and cloud data centres
- Scope 3: indirect emissions from purchased goods and services, business travel, capital goods, and fuel-and-energy-related activities

Activity mitigating negative impact

- Implementation of LEED certifications for buildings (Scope: 1.7 million m2 of Google office facilities, of which 26% is LEED Platinum-certified, and 60% is LEED Gold-certified)
- Implementing an internal carbon price to data center emissions
- Reducing emissions along the supply chain by engaging with suppliers to promote sustainable practices, such as improving their carbon footprint
- Reducing employee travel through the promotion of commuting initiatives, such as shuttles, carpooling, the installation of bicycle and electric vehicle charging stations
- Introducing electric vehicles in the company fleet
- Increasing the share of renewable energy across company sites (scope: 100% of the Company's electricity consumption in data centers and offices)

Stakeholders

Direct Planet

SDG 16. Peace, justice and strong institutions

Outcome Communication and selling practices

Company acknowledgement Yes

Impact type Z

Activity generating negative impact Mitigated

- Spreading inaccurate or misleading marketing information through the Company's advertisement activities
- Employing unethical marketing strategies such as spam emails

Activity mitigating negative impact

- Implementing enforcement procedures for businesses incurring in advertisement policy violations
- Implementing spam policies to protect users from unethical web marketing practices such as cloaking, sneaky redirects and link spam
- Restricting specific ad formats to advertisers until they are certified according to the Company's advertising policies
- Limiting data collection from advertisers engaging in personalized advertising publications
- Limiting targeting categories for personalized advertising to protect user integrity from sensitive topics
- Implementation of a whistleblowing platform to receive complaints of communication and selling practices misconduct
- Implementing advertising policies that include advertising guidelines, covering topics such as advertising targeting policies, permitted practices and content restrictions

Stakeholders

Indirect Civil society Indirect Administration and governments Direct Consumers Direct Clients

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SDG 16. Peace, justice and strong institutions

Outcome Anti-competitive practices

Company acknowledgement No information

Impact type

Z

Activity generating negative impact Mitigated

- Exacerbating anti-competitive behaviour in the software sector through the infringement of intellectual property rights or the abuse of a dominant position, particularly as a major industry player

Activity mitigating negative impact

- Implementation of a Code of Conduct including fair competition guidelines to ensure fair competitive behaviour across the organization

Stakeholders

Indirect Clients | Indirect Local communities | Direct Administration and governments | Direct Competitors

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SDG 16. Peace, justice and strong institutions

Outcome Unethical business conducts

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Contributing to unethical business practices involving public and private entities: as an employer in the consumer digital services industry, Alphabet Inc poses a risk of employing or enabling unethical business practices

Activity mitigating negative impact

- Offering anti-bribery training to employees
- Implementation of a whistleblowing platform to receive complaints of ethical breaches across company operations
- Implementation of a code of conduct to ensure ethical behaviour across the organization

Stakeholders

Indirect Customers | Indirect Local communities | Direct Civil society | Direct Employees

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SDG 16. Peace, justice and strong institutions

Outcome Supply chain management

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

- Generating negative impacts along the supply chain through ineffective supply chain management such as poor labour standards and human rights violations

Activity mitigating negative impact

- Implementation of a whistleblowing platform to receive complaints of human rights or environmental breaches along the supply chain
- Conducting investigations to ensure that no sourced material contains conflict minerals
- Implementation of a sustainable sourcing program across the organization
- Training procurement staff to ensure proper implementation of the company's policies to ensure good procurement practices
- Providing training to suppliers on responsible environmental and health and safety practices
- Conducting audits of suppliers to ensure compliance to labour and human rights
- Extending the code of conduct to suppliers to ensure ethical and sustainable behaviour across the supply chain

Stakeholders

Indirect Planet | Indirect Civil society | Direct Local communities | Direct Suppliers and distributors | Direct Local ecosystems

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SDG 16. Peace, justice and strong institutions

Outcome Customer privacy and data security

Company acknowledgement Yes

Impact type: Z

Activity generating negative impact Mitigated

- Impacting data security and customer privacy connected to products and services sold, as well as company operations, as software services require personal information from customers to operate its advertising algorithm;- Generating an impact on data security and consumer privacy through the aggressive collection of sensitive information about clients from operations: voice data, geographical location, consumption patterns and preferences, and operational data relating to corporate customers
- Generating disruptions in IT systems, cyber-attacks, or other data security incidents

Activity mitigating negative impact

- Developing technologies that limit data collection from users
- Implementing ethical principles policy for artificial intelligence
- Implementation of a data privacy policy across the organization to set out rules and controls to follow to prevent data and privacy breaches
- Reinforcing cybersecurity capabilities in handling customers' data through password management tools

Stakeholders

Indirect International organizations | Indirect Civil society | Direct Consumers | Direct Clients

Potential negative impacts

SDG 17. Partnership for the goals

Outcome Critical incidents and systemic risk management

Company acknowledgement No information

Impact type: A

Activity generating negative impact Mitigated

- Potential risk of disrupting local, national, and/or global communication and information flow caused by unexpected events, e.g. infrastructural breakdowns, natural disasters, cyberattacks, etc.

Activity mitigating negative impact

- Offering customers backups and disaster recovery cloud services for applications and sensible data
- Collaborating with the US government in the development of cybersecurity solutions to avoid damage to critical governmental data infrastructure

Stakeholders

Direct Planet

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Impact results

Reducing negative impact

SDG	Outcomes covered	Total indicators
	1	12

1

Associated outcome Greenhouse gas emissions

Indicator Proportion of renewable energy consumption

Progression towards threshold or objective

71.94 % (-13.18% point)
Outcome in 2021

85.12 %
Value in 2020

N/A
Company Objective

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2

Associated outcome Greenhouse gas emissions

Indicator GHG emission intensity - per USD million of revenue

Progression towards threshold or objective

7.25 (+39.16%)
Outcome in 2021

5.21
Value in 2020

N/A
Company Objective

3

Associated outcome Greenhouse gas emissions

Indicator Scope 1 GHG emissions

Progression towards threshold or objective

45,073 tCO2eq (+16.49%)
Outcome in 2021

38,694 tCO2eq
Value in 2020

N/A
Company Objective

4

Associated outcome Greenhouse gas emissions

Indicator Scope 2 (market-based) GHG emissions

Progression towards threshold or objective

1,823,132 tCO2eq (+100.0%)
Outcome in 2021

911,415 tCO2eq
Value in 2020

N/A
Company Objective

5

Associated outcome Greenhouse gas emissions

Indicator Scope 3 GHG emissions

Progression towards threshold or objective

9,503,000 tCO2eq (+1.35%)
Outcome in 2021

9,376,000 tCO2eq
Value in 2020

N/A
Company Objective

6

Associated outcome Greenhouse gas emissions

Indicator Scope 1 & 2 GHG emissions

Progression towards threshold or objective

186,205 tCO2eq (-80.40%)
Outcome in 2021

950,109 tCO2eq
Value in 2020

N/A
Company Objective

7

Associated outcome Greenhouse gas emissions

Indicator Scope 1, 2 & 3 GHG emissions

Progression towards threshold or objective

11,371,205 tCO2eq (+10.12%)
Outcome in 2021

10,326,109 tCO2eq
Value in 2020

6,264,977.0 tCO2eq
Company Objective

8

Associated outcome Greenhouse gas emissions

Indicator Scope 2 (location-based) GHG emissions

Progression towards threshold or objective

6,576,239 tCO2eq (+12.13%)
Outcome in 2021

5,865,095 tCO2eq
Value in 2020

N/A
Company Objective

9

Associated outcome Greenhouse gas emissions

Indicator Scope 1, 2 (location-based) & 3 GHG emissions

Progression towards threshold or objective

6,757,312 tCO2eq (+10.47%)
Outcome in 2021

6,116,789 tCO2eq
Value in 2020

N/A
Company Objective

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10

Associated outcome Greenhouse gas emissions

Indicator Total emissions reduced by renewable energy PPAs and compensated for by carbon credits

Progression towards threshold or objective

6,757,312 tCO2eq (+10.47%)
Outcome in 2021

6,116,789 tCO2eq
Value in 2020

N/A
Company Objective

11

Associated outcome Greenhouse gas emissions

Indicator Total emissions avoided due to employee EV commuting in the United States and Canada

Progression towards threshold or objective

3,468 tCO2eq (+83.30%)
Outcome in 2021

1,892 tCO2eq
Value in 2020

N/A
Company Objective

12

Associated outcome Greenhouse gas emissions

Indicator Total emissions avoided due to employee shuttle trips in the Bay Area

Progression towards threshold or objective

881.0 tCO2eq (-87.41%)
Outcome in 2021

7,000 tCO2eq
Value in 2020

N/A
Company Objective

1 3

1

Associated outcome Energy consumption

Indicator Total energy consumption

Progression towards threshold or objective

18,571,659 MW (+20.29%)
Outcome in 2021

15,439,538 MW
Value in 2020

N/A
Company Objective

2

Associated outcome Energy consumption

Indicator Total electricity consumption

Progression towards threshold or objective

18,287,143 MWh (+20.80%)
Outcome in 2021

15,138,543 MWh
Value in 2020

N/A
Company Objective

3

Associated outcome Energy consumption

Indicator Power Usage Effectiveness (PUE)

Progression towards threshold or objective

1.10 (0.00%)
Outcome in 2021

1.10
Value in 2020

N/A
Company Objective

1 2

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1

Associated outcome Water withdrawal and consumption

Indicator Total water withdrawal

Progression towards threshold or objective

6,297 ML (+10.69%)
Outcome in 2021

5,689 ML
Value in 2020

N/A
Company Objective

2

Associated outcome Water withdrawal and consumption

Indicator Total water consumption

Progression towards threshold or objective

4,562 ML (+21.69%)
Outcome in 2021

3,749 ML
Value in 2020

N/A
Company Objective

1

Associated outcome Waste generation and hazardous materials management

Indicator Total waste generated

Progression towards threshold or objective

28,153 t (-2.46%)
Outcome in 2021

28,864 t
Value in 2020

N/A
Company Objective

2

Associated outcome Waste generation and hazardous materials management

Indicator Total waste diverted from disposal

Progression towards threshold or objective

21,677 t (-2.46%)
Outcome in 2021

22,225 t
Value in 2020

N/A
Company Objective

3

Associated outcome Waste generation and hazardous materials management

Indicator Landfill diversion rate

Progression towards threshold or objective

77.00 % (0.00% point)
Outcome in 2021

77.00 %
Value in 2020

N/A
Company Objective

4

Associated outcome Product or service lifecycle management

Indicator Percentage of Nest and Pixel devices who partially contain recycled materials

Progression towards threshold or objective

100.00 % (0.00% point)
Outcome in 2021

100.00 %
Value in 2020

N/A
Company Objective

5

Associated outcome Product or service lifecycle management

Indicator Percentage of components used for server upgrades that were refurbished inventory

Progression towards threshold or objective

27.00 % (+4.00% point)
Outcome in 2021

23.00 %
Value in 2020

N/A
Company Objective

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1 3

1 **Associated outcome** Diversity and inclusion

Indicator Percentage of women within the organization's governance bodies - Executive Board

Progression towards threshold or objective

27.00 % (+8.82% point)
Outcome in 2021

18.18 %
Value in 2020

N/A
Company Objective

2 **Associated outcome** Diversity and inclusion

Indicator Percentage of women per employee category - management position

Progression towards threshold or objective

20.00 % (0.00% point)
Outcome in 2021

20.00 %
Value in 2020

N/A
Company Objective

3 **Associated outcome** Diversity and inclusion

Indicator Percentage of women per employee category - total workforce

Progression towards threshold or objective

33.90 % (+1.90% point)
Outcome in 2021

32.00 %
Value in 2020

N/A
Company Objective

1 8

1 **Associated outcome** Supply chain management

Indicator Total number of supplier site audits to assess conformance to the Supplier Code of Conduct

Progression towards threshold or objective

85.00 (+226.9%)
Outcome in 2021

26.00
Value in 2020

N/A
Company Objective

2 **Associated outcome** Supply chain management

Indicator Share of nonconformance to the Supplier Code of Conduct - Labour

Progression towards threshold or objective

47.20 % (+2.20% point)
Outcome in 2021

45.00 %
Value in 2020

N/A
Company Objective

3 **Associated outcome** Supply chain management

Indicator Share of nonconformance to the Supplier Code of Conduct - Health & Safety

Progression towards threshold or objective

30.30 % (-3.70% point)
Outcome in 2021

34.00 %
Value in 2020

N/A
Company Objective

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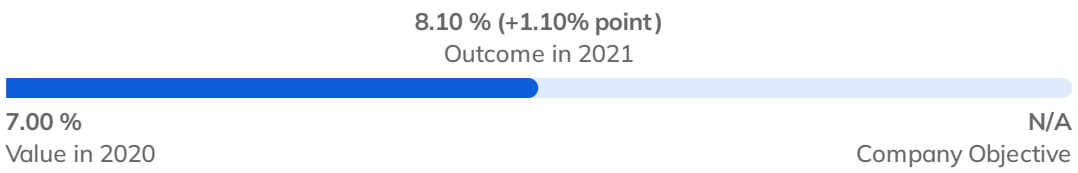
4

Associated outcome Supply chain management

Indicator Share of nonconformance to the Supplier Code of Conduct - Environmental

Progression towards threshold or objective

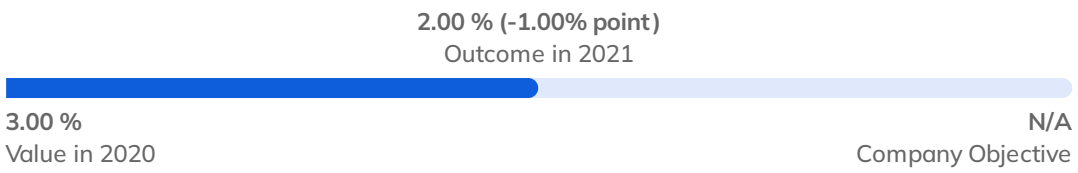


5

Associated outcome Supply chain management

Indicator Share of nonconformance to the Supplier Code of Conduct - Ethics

Progression towards threshold or objective

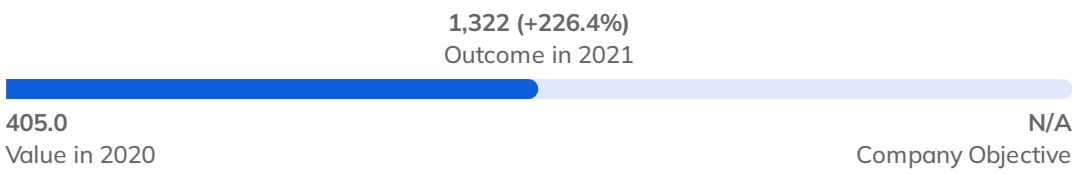


6

Associated outcome Supply chain management

Indicator Total number of nonconformance to the Supplier Code of Conduct identified

Progression towards threshold or objective

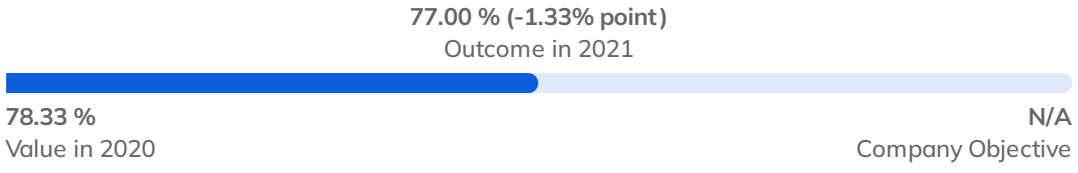


7

Associated outcome Supply chain management

Indicator Percentage increase in conformance following the implementation of corrective action plans - Working Hours

Progression towards threshold or objective

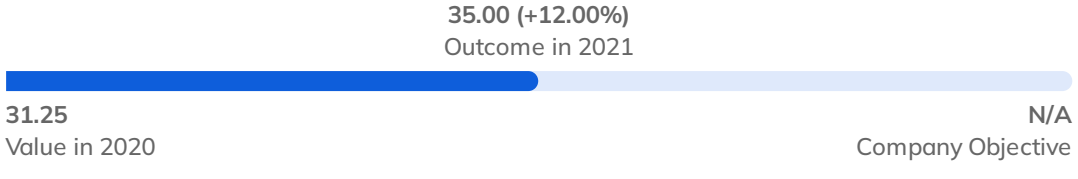


8

Associated outcome Supply chain management

Indicator Percentage increase in conformance following the implementation of corrective action plans - Freely Chosen Employment

Progression towards threshold or objective



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AR 2021

Diversity AR

Carbon free by 203

Supplier CoC

Artificial intelligence and Circular Economy

Restricted ad formats

Backup and DR service

Spam Policies

Enforcement procedures

COC

Google Ads policies

Impact Report

Environmental Report

Google CoC

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Environmental indicator assurance

AI Principles

Personalized advertising

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US cybersecurity

Google UK Binary Gender Pay Gap report

Google content policies

Water Stewardship

Circular Google

Diverse suppliers

Diversity AR 2020

US workplace policy

2018 Environmental Report

Supplier RR 2020

Conflict Minerals Policy

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Apple Inc.

2022 Analysis

Published on October 7, 2022

Impact statement

© impak Finance October 7, 2022

Apple Inc.

Apple Inc. (Apple) is a US headquartered consumer electronics and software company. The Company designs, manufactures, and markets smartphones, tablets, personal computers (PCs), portable and wearable devices. It also offers software and related services, accessories, networking solutions, and third-party digital content and applications. In terms of market share, the Company occupied the first place of smartphone vendors in the world during the fourth quarter of 2021, surpassing Samsung. The Company reported revenues of (US Dollars) US$365,817 million for the fiscal year ended September 2021, and employed around 154,000 people.

Regarding impact governance, the Company does not have a specifically dedicated sustainability committee, department, or organization at Board-level. However, sustainability governance at Apple is integrated in operational management under the supervision of the Board of Directors with CSR objectives linked to the remuneration of its management and CEO. However, limited information provided on its level and scope of influence across the organization.

Through its activities, the Company generates one material positive impact linked specifically to the SDG target 10.2 by supporting diverse entrepreneurs through the implementation of a Supplier Diversity program. Also, Apple has the potential to contribute positively to various SDGs. For example, it has the potential to contribute to SDG 1.4 for developing products and services with specific accessibility issues for people with vision, hearing, mobility or cognitive disabilities, to SDG 4.4 through its educational digital inclusion programs for different vulnerable groups such as underrepresented or underresourced communities in technology, or to SDG 3.4 with its digital health solutions such as the Apple Watch and its various features.

On the other hand, Apple’s main environmental impacts result from the high levels of energy consumed through its data centers, as well as the water withdrawn for cooling processes. Additionally, as a leader in consumer electronics and mobile devices, the Group contributes to the fastest-growing segment of the world’s domestic waste stream: electronic waste, while numerous commodities used in the making of electronic products, such as rare earths, may be linked to high social and environmental risks. Finally, due to the handling of personal, sensitive or critical data for its customers, particularly within its cloud business, data security and privacy are also significant risks for the Apple.

Even though Apple has implemented a number of policies to set the expectations and guidelines for most of its environmental and social risks, particularly relating to human rights and data privacy, the Company was involved in several controversies in recent years, the most severe of which include allegations of engaging with a supplier accused of using the forced labour of Uyghurs in China, by the Tech Transparency Project in 2021. Apple was also involved in a number of other human rights violations allegations within its supply chain in Myanmar and the Democratic Republic of Congo, as well as several other controversies on issues relating to data privacy, and selling practices. While Apple has addressed most of the identified material controversies, it has failed to respond to that surrounding the sourcing of minerals in the Democratic Republic of Congo.

Overall, despite the comprehensive set of mitigation strategies put in place by Apple, the identified controversies in which the Company was involved in in recent years were deemed severe enough for Apple to be classified as a Z company or one that "Does cause harm."

impak Score™

Impact type

Z Does cause harm

Where are the positive impacts in the business model

	Business lines				
Impacts	Services	Wearables, Home and Accessories	iPad	Mac	iPhone
- Supporting diverse entrepreneurs through the implementation of a Supplier Diversity program	○	○	○	○	○
Business line turnover	18.70%	10.49%	8.71%	9.62%	52.48%

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Positive impact

Positive impact score **0** / 500

Actual positive impacts

SDG	10. Reduced inequalities
Target	10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Outcome	Empowerment and social, economic and political integration of all

Impact type

B

Activity

- Supporting diverse entrepreneurs through the implementation of a Supplier Diversity program

Part of activities addressing SDG

3%

What

Outcome in period	No information
Importance of the outcome to stakeholder	High
Outcome threshold	No information
Company objective	No information
SDG	10. Reduced inequalities
SDG target	10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Who

Stakeholders	- Direct: Vulnerable groups
Geographical boundary	Local
	No information
Baseline	No information
Stakeholder characteristics	No information

How much

Scale	No information
Depth	No information
Duration	Long duration: more than one year

Contribution

Depth	No information
Duration	No information

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Risk

Evidence risk	High: Sufficient high-quality data needs to be provided to know what impact is occurring. Apple provides clear qualitative information, however, there are no quantitative data to quantify the impact and assess its evolution.
External risk	Non material
Stakeholder participant risk	Low: Apple promotes an inclusive and meaningful stakeholder engagement process by considering vulnerable groups, ensuring an accurate representation of its stakeholders and committing to improve its process over time. Apple undertakes a comprehensive stakeholder mapping and analysis with an array of engagement methods and the appropriate use thereof and evaluates the quality of its stakeholder engagement processes. Ongoing stakeholder engagement process through surveyrs and partnerships, to ensure that their needs are fully considered for this impact.
Drop off risk	High: Without proper data on impact duration and company follow-ups, it is not possible to assess if the positive impact is likely to continue after the contract is over, and there is a high probability that the positive impact does not endure.
Efficiency risk	Non material
Execution risk	Non material
Alignment risk	High: Apple is a for-profit company and the generation of this impact is not locked into the company's business model and governance practices.
Endurance risk	Non material
Unexpected risk	Non material

Considered positive impacts

SDG	1. No poverty
Target	1.4. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
Outcome	Increase in access to information and communication technologies for the poor and vulnerable

Activity

- Developing products and services with specific accessibility issues for people with vision, hearing, mobility or cognitive disabilities

Criteria	Criteria justification(s)
✓ Activity actually delivered (vs. project or past activity)	Considered as positive impact, but lack of information to calculate % of activities
✓ Linked to SDG target	
✓ Reached threshold to be a positive impact vs a negative impact mitigation	
✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)	
✗ Reached financial materiality (>0.01% of activities)	

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SDG	3. Good health and well-being
Target	3.4. By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
Outcome	Reduction in premature mortality from non-communicable diseases

Activity

- Offering solutions for digital health through the use of information and communication technologies (ICT), such as the Apple Watch and its various features, including Activity rings, alerts for potential irregular heart rhythm, and more

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

Considered as positive impact, but lack of information to calculate % of activities

SDG	4. Quality Education
Target	4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Outcome	Development of skills needed for employment, decent work and entrepreneurship

Activity

- Supporting educational initiatives to expand learning opportunities in communities that are historically underrepresented or underresourced in technology, particularly with skills for high-demand careers in STEM

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

Considered as positive impact, but lack of information to calculate % of activities

SDG 4. Quality Education

Target 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Outcome Development of skills needed for employment, decent work and entrepreneurship

Activity

- Developing skills needed for employment, decent work and entrepreneurship of vulnerable populations through the Supplier Employee Development Fund to amplify worker voice and expand access to learning and skill development opportunities to more people in the Company's supply chain and surrounding communities

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

Considered as positive impact, but lack of information to calculate % of activities

---

SDG 10. Reduced inequalities

Target 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Outcome Empowerment and social, economic and political integration of all

Activity

- Supporting diverse entrepreneurs through various programs targeting underrepresented communities, such as the Impact Accelerator and the Entrepreneur Camp targeting Black, Hispanic/Latinx-, and Indigenous-owned businesses, and the Apple Developing Academy targeting communities with high youth unemployment

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

Considered as positive impact, but lack of information to calculate % of activities

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Negative impact

Negative impact score **17** / 300

Actual negative impacts

SDG 3. Good health and well-being

Outcome Air pollution

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Emitting air pollutants from the consumption of fuel oil to power generators in the event of electricity outages in data centers

Activity mitigating negative impact

- Installing emissions control systems on emergency generators to reduce remissions of nitrogen

Stakeholders

Indirect Planet | Direct Local ecosystems | Direct Inhabitants, neighbors

SDG 6. Clean water and sanitation

Outcome Water withdrawal and consumption

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Consuming large amounts of water in data centers for cooling purposes, as well as in Apple facilities and offices as part of operations, including water from water-stressed regions

Activity mitigating negative impact

- Ensuring effective water management of suppliers/business partners through the Clean Water Program
- Reducing freshwater use of by using alternatives such as recycled water, reclaimed water, and rainwater
- Conducting life cycle assessments of manufacturing processes to identify areas for water reduction
- Conducting water risk assessments to inform local water strategy

Stakeholders

Indirect Planet | Direct Local ecosystems | Direct Local communities

SDG 7. Affordable and clean energy

Outcome Energy consumption

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Consuming energy to power critical hardware and IT infrastructure in data centers: data centers need to be powered continuously and require central processing units, memory, storage, and cooling, leading to high energy consumption

Activity mitigating negative impact

- Providing support through training and workshops to suppliers in order to integrate energy efficiency measures
- Implementing Apple's Supplier Code of Conduct which requires suppliers to disclose emissions in order to execute energy efficiency plans
- Conducting energy audits to identify areas for improvement and related mitigation measures
- Implementing the Supplier Energy Efficieny program in order to assist suppliers in optimizing their facilities and operations
- Increasing energy efficiency of operations through retrocommissiong buildings, such as data centers

Stakeholders

Indirect Planet | Direct Local communities | Direct Local ecosystems

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SDG 8. Decent work and economic growth

Outcome Poor labour and working conditions

Company acknowledgement Yes

Impact type: Z

Activity generating negative impact Mitigated

- Contributing to poor labour standards through poor human resource management practices, and poor working conditions in the supply chain, particularly in high-risk countries with high risks of conflicts and human rights violations, as well as in outsourced manufacturing activities

Activity mitigating negative impact

- Implementation of screening criteria on human rights when engaging in a new business relationship
- Implementing policy for recognizing the right of supplier employees to join unions to ensure freedom of association and collective bargaining
- Training supplier employees in regards to human rights
- Engaging with NGOs, governments and experts to improve human rights and working conditions in the sector
- Conducting audits and due diligence of suppliers to ensure the respect of labour and human rights
- Implementation of a human rights policy across the organization
- Implementation of a whistleblowing platform to receive complaints of breaches of labour and human rights across company operations

Stakeholders

Indirect Local communities | Indirect Sub-contractors | Indirect Contractors | Direct Vulnerable groups

SDG 8. Decent work and economic growth

Outcome Workers' health and safety

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Exposing workers to hazardous working conditions, such as exposure to hazardous chemicals in R&D and manufacturing processes, and accidents resulting from the misuse of industrial machinery and processes

Activity mitigating negative impact

- Training employees on safety procedures
- Implementation of a health and safety policy to promote safe work environments across the organization
- Implementation of the Apple ergonomics program to reduce work-related risks, specifically work-related musculoskeletal disorders
- Conducting risk assessments of operations to identify occupational health and safety risks and improve EHS programs and controls
- Implementation of strict guidelines for the handling of hazardous materials

Stakeholders

Indirect Sub-contractors | Indirect Contractors | Direct Vulnerable groups | Direct Vulnerable groups

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SDG 10. Reduced inequalities

Outcome Diversity and inclusion

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Potential risk of contributing to gender inequality through under-representation of women in management and STEM-related positions, and potential gender pay gap in the company
- Potential risk of contributing to inequality through under-representation of under-represented ethnic groups in the workforce and in management

Activity mitigating negative impact

- Implementing procedures to address pay inequalities, including by conducting pay equity reviews on a regular basis
- Implementing company-wide paid maternity leaves and a gradual return to work, above the legal requirements
- Establishing employee resource groups aimed at promoting diversity and inclusion
- Training employees on diversity and inclusion topics, including unconcious bias
- Implementing equitable recruiting through inclusive hiring practices training aimed at recruiters

Stakeholders

Indirect Civil society | Indirect Local communities | Direct Vulnerable groups | Direct Women employees

SDG 12. Responsible consumption and production

Outcome Product or service lifecycle management

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

- Generating environmental impacts throughout the product's lifecycle from the selection of inputs and raw materials, particularly that of rare-earth metals and conflict minerals, pollution during manufacture and transportation, product use phase, to the solid and chemical waste at the products' end-of-life

Activity mitigating negative impact

- Reducing emissions from transportation through an increase in sea and rail transportation
- Collaborating with recycling partners to ensure that each product can be disassembled and recycled
- Implementing initiatives to collect end-of-life products, through customer trade-in and takeback programs offered online and in store
- Reducing the use of non-recyclable packaging with reusable/eco-friendly packaging
- Contributing to the circular economy loop by refurbishing and repairing products to allow a second life
- Eco-designing products that have a longer lifetime and can be recycled or re-used to ensure lower impact during the lifecycle
- Utilizing raw materials with lower environmental impacts, including recycled materials

Stakeholders

Indirect Civil society | Indirect Planet | Direct Local ecosystems | Direct Local communities

SDG 13. Climate action

Outcome Greenhouse gas emissions

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

Emitting greenhouse gases emission through direct and indirect activities:
-Scope 1: direct emissions from fuel consumption, fleet vehicles and R&D processes
-Scope 2: indirect emissions from the purchase of district heating, chilled water, and steam for facilities and data center operations
-Scope 3: indirect emissions from upstream and downstream sources, including manufacturing (purchased goods and services), product use, transportation, employee commute and travel, and end-of-life treatment

Activity mitigating negative impact

- Increasing the share of renewable energy across company sites and supply chain
- Mandating investments and strategies to scale carbon removal through carbon removal projects
- Investing in technologies, infrastructure, and processes such as emissions abatement, that reduce CO2 emissions

Stakeholders

Direct Planet

SDG 16. Peace, justice and strong institutions

Outcome Customer privacy and data security

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Generating an impact on data security through the collection of consumers' personal data and sensitive information through Apple's various platforms and services and the commercialization of consumer hardware and smart devices
- Disruption in systems, cyber attacks, or other incidents on data security are significant risks for the Group

Activity mitigating negative impact

- Conducting regular data security assessments of products and services
- Implementation of a whistleblowing platform to receive complaints regarding security or privacy breaches
- Training employees on data protection and customer privacy across company operations
- Implementing data privacy rules for customers, suppliers and business partners to ensure safe handling of customers' data
- Implementation of a data privacy policy across the organization
- Implementation of an information security management system based on the ISO 27001 and ISO 27018 standards (scope: unknown)

Stakeholders

Indirect International organizations Indirect Civil society Direct Consumers Direct Clients

SDG 16. Peace, justice and strong institutions

Outcome Supply chain management

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Contributing to various negative social and environmental externatilities through inadequate screening of suppliers located in countries and in regions with high risks of conflicts and human and environmental violations, and poor procurement practices

Activity mitigating negative impact

- Establishing disciplinary procedures, including the termination of existing business, in the case of ethics incidents
- Conducting audits of smelters and refiners to ensure that no sourced material contains conflict minerals
- Conducting audits of suppliers to ensure compliance to labour and human rights
- Assessing the CSR performance of suppliers to ensure sustainable practices along the supply chain
- Implementing the Apple Supplier Code of Conducts and the Supplier Responsability Standards in alignement with international labor and human rights
- Implementation of a whistleblowing platform to receive complaints of human rights or environmental breaches along the supply chain

Stakeholders

Indirect Planet | Indirect Civil society | Direct Local communities | Direct Sub-contractors | Direct Contractors | Direct Local suppliers | Direct Local ecosystems

---

SDG 16. Peace, justice and strong institutions

Outcome Unethical business conducts

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Contributing to unethical business conduct in the technology sector through, inter alia, aggressive tax optimization, and lobbying at the detriment of various social and environmental issues

Activity mitigating negative impact

- Establishing disciplinary procedures, including the termination of employment, in the case of ethics incidents
- Implementing an Anti-Corruption policy across the organization
- Implementing a whistleblowing platform to receive complaints of ethical breaches across company operations
- Training employees on ethical behaviour on an annual basis
- Implementing the Business Conduct policy to ensure ethical behavior across the organization

Stakeholders

Indirect Customers | Indirect Local communities | Direct Civil society | Direct Employees

---

SDG 16. Peace, justice and strong institutions

Outcome Anti-competitive practices

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Contributing to anti-competitive practices in the technology sector through, inter alia, abuse of dominant market position, issues of intellectual property fraud, and aggressive sales methods

Activity mitigating negative impact

- Implementation of a whistleblowing platform to receive complaints of anti-competitive actions across company operations
- Implementation of an Antitrust and Competition Law Policy to ensure ethical behaviour across the organization

Stakeholders

Indirect Customers | Indirect Local communities | Direct Administration and governments | Direct Competitors

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SDG 16. Peace, justice and strong institutions

Outcome Communication and selling practices

Company acknowledgement Yes

Impact type Z

Activity generating negative impact Mitigated

- Contributing to poor communication and selling practices through opaque products and services updates, sales terms, and abusive selling practices

Activity mitigating negative impact

- Training retail employees on clear communication practices regarding products and services
- Implementation of a platform to collect customer feedback

Stakeholders

Indirect Civil society | Indirect Administration and governments | Direct Consumers | Direct Clients

Potential negative impacts

SDG 3. Good health and well-being

Outcome Consumer welfare, health and safety

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

- Potential risk of designing and commercializing unsafe electronic products that can cause bodily harm or damage to property if they malfunction

Activity mitigating negative impact

- Monitoring product-use in real time and investigating potential associated risks
- Training customers on the safe use of products to prevent health and safety risks
- Conducting customers' satisfaction reviews to collect feedback and prevent future externalities associated with products and services
- Offering online settings to further enhance product safety regarding age-appropriate content

Stakeholders

Indirect Civil society | Indirect Administration and governments | Direct Consumers | Direct Clients

,

Impact results

Reducing negative impact

SDG	Outcomes covered	Total indicators
	1	6

1

Associated outcome Greenhouse gas emissions

Indicator Percentage of renewable energy consumption

Progression towards threshold or objective

97.67 % (+0.72% point)
Outcome from 2020 to 2021

96.95 %
Value from 2020 to 2021

100.0 %
Company Objective

2

Associated outcome Greenhouse gas emissions

Indicator Scope 1 GHG emissions

Progression towards threshold or objective

55,200 tCO2eq (+4.68%)
Outcome from 2020 to 2021

52,730 tCO2eq
Value from 2019 to 2020

N/A
Company Objective

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3

Associated outcome Greenhouse gas emissions

Indicator Scope 3 GHG emissions

Progression towards threshold or objective

23,130,000 tCO2eq (-7.41%)
Outcome from 2020 to 2021

24,980,000 tCO2eq
Value from 2019 to 2020

N/A
Company Objective

4

Associated outcome Greenhouse gas emissions

Indicator Scope 1 & 2 GHG emissions

Progression towards threshold or objective

23,130,000 tCO2eq (-7.60%)
Outcome from 2020 to 2021

25,032,730 tCO2eq
Value from 2019 to 2020

6,258,183.0 tCO2eq
Company Objective in 2030

5

Associated outcome Greenhouse gas emissions

Indicator Scope 2 GHG emissions

Progression towards threshold or objective

2,780 tCO2eq (-93.45%)
Outcome from 2020 to 2021

42,460 tCO2eq
Value

N/A
Company Objective

6

Associated outcome Greenhouse gas emissions

Indicator Scope 1, 2 & 3 GHG emissions

Progression towards threshold or objective

23,130,000 tCO2eq (-39.74%)
Outcome from 2020 to 2021

38,383,470 tCO2eq
Value

N/A
Company Objective

1 1

1

Associated outcome Energy consumption

Indicator Total energy consumption

Progression towards threshold or objective

21,443,760 GWh (+48.72%)
Outcome from 2020 to 2021

14,419,170 GWh
Value from 2020 to 2021

N/A
Company Objective

1 1

1

Associated outcome Water withdrawal and consumption

Indicator Total water withdrawal

Progression towards threshold or objective

1,407 ML (+9.32%)
Outcome from 2020 to 2021

1,287 ML
Value from 2020 to 2021

N/A
Company Objective

1 3

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1

Associated outcome Diversity and inclusion

Indicator Percentage of women within the organization's governance bodies - Executive Board

Progression towards threshold or objective

55.00 % (+17.50% point)
Outcome from 2020 to 2021

37.50 %
Value from 2020 to 2021

N/A
Company Objective

2

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category - management position

Progression towards threshold or objective

47.00 % (0.00% point)
Outcome from 2020 to 2021

47.00 %
Value from 2020 to 2021

N/A
Company Objective

3

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category - total workforce

Progression towards threshold or objective

34.80 % (0.00% point)
Outcome from 2020 to 2021

34.80 %
Value from 2020 to 2021

N/A
Company Objective

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Exerica Breakdown

10-K 2021

Exerica Data_Financial Overview

ESG Report 2021

Supplier List 2021

Env Report 2021

Supply chain 2021

CDP 2022

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Microsoft Corp

2022 Analysis

Published on September 14, 2022

Impact statement

© impak Finance September 14, 2022

Microsoft Corp

Microsoft Corporation is an American multinational, one of the world's leading technology companies that provides software such as Office or Linkedin, cloud services and personal computer hardware. In 2021, it generated USD 168,088 million in revenue, employed over 190,000 members, worked with 17 million partners and served 75 million customers in 190 countries.

Microsoft's identified mission is to "empower every person and every organization on the planet to achieve more." The company has published an Impact Summary tracing its progress toward the realization of its mission, however, this document can not be considered as a proper impact description of the organization, nor is its mission considered an impact mission. Nevertheless, the CEO, Vice President, Chief Environmental Officer, CFO, and other senior management members are evaluated annually on CSR objectives.

As a technology provider, Microsoft generates nine negative impacts and poses a risk of generating an additional three. The main environmental impacts result from the high levels of energy consumed through servers and data centers, as well as the water withdrawn for their cooling processes. Along the supply chain down to the end-of-use, there are environmental and social implications for the services and products lifecycle, waste, and carbon footprint, considering that numerous commodities are used in the making of electronic products. Initiatives are put in place to mitigate these impacts, such as the investment in carbon removal projects; the submission of climate data and strategy information to the CDP Climate Change Disclosure; and the assessment of devices' lifecycle. Furthermore, since the company collects an important amount of personal information for business intents, it also has an impact on customers' privacy and data security and poses a risk of systemic disruption due to the fact that several essential infrastructures depend on its systems.

It is to be noted that despite extensive reporting on the sustainability aspects of the organization, Microsoft lacks transparency at various levels. Engagement mechanisms with stakeholders are vaguely described and no valuable information is provided on how they feed the Company's decision-making process. Moreover, most of Microsoft's social impacts, such as customer privacy and data security, supply chain management, labor conditions and workers' health and safety, although they are acknowledged by the Company and at least partially mitigated, are not documented with any KPI. Finally, most of Microsoft's impacts are not clearly identified through its Enterprise Risk Management (ERM) program, and the few publicly available environmental and social policies do not cover all of its material outcomes.

The company does not generate any material positive impacts, however, it has the potential to contribute positively to SDG 6 by providing free-of-charge tools for organizations to identify water-related risks; to SDG 4 by providing digital learning platforms in conflict and natural disasters areas; to SDG 16 by providing open-source technology to secure political elections processes; to SDG 11 by implementing an artificially intelligent program for the recovery of disasters, and to SDG 14 by identifying vessels that may be breaking regulations through data collection and artificial intelligence systems. Due to a lack of financial information and other quantitative data, these activities were not retained for the purpose of this analysis.

Although Microsoft has implemented actions to at least partially mitigate all its material negative impacts, it has been involved in various controversies related to diversity and inclusion, supply chain management, and anti-competitive practices deemed severe enough that it was classified as a "Z" company, or one that "May cause harm."
Indeed, Microsoft is involved in several severe controversies, notably regarding gender discrimination and sexual harassment toward female employees as well as illegal sourcing and infringement of indigenous and human rights through its supply chain. The Company either denied the allegations or declined to comment. Microsoft is also involved in various governance-related controversies for anti-competitive practices and unethical business conducts, as well as infringement of customer privacy with its well-known LinkedIn social platform.

impak Score™

Impact type

Z May cause harm

Where are the positive impacts in the business model

	Business lines		
Impacts	More Personal Computing	Intelligent Cloud	Productivity and Business Processes
Business line turnover	32.18%	35.74%	32.08%

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Positive impact

Positive impact score **0** / 500

Actual positive impacts

No actual positive impacts

Considered positive impacts

SDG	4. Quality Education
Target	4.b. By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
Outcome	Increase in the number of scholarships available to developing countries for enrolment in higher education

Activity

- Providing digital platforms (e.g. Learning Passport and Passport to Earning) in partnership with UNICEF to facilitate learning opportunities for children and young people affected by conflict and natural disasters, notably during the coronavirus pandemic, and to help them identify and acquire the skills they need to secure a job

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

no financial info related to the activity

SDG	6. Clean water and sanitation
Target	6.5. By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
Outcome	Improvement of the distribution and management of water resources

Activity

- Providing free of charge tools (The Water Risk Monetizer and Smart Water Navigator) in partnership with Ecolab for organizations to identify and quantify water-related risks and reduce their water usage

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

no financial info related to the activity

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SDG 11. Sustainable cities and communities

Target 11.5. By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

Outcome Increase in the Emergency Management Planning and/or response in the event of natural disasters and emergencies, with a focus on the poor and vulnerable

Activity

- Implementing an artificially intelligent program (AI for Humanitarian Action) for the recovery of disasters, through financial grants, technology investments, and partnerships that combine AI and data science expertise

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

no financial info related to the activity

SDG 14. Life below water

Target 14.4. By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics

Outcome Ending of overfishing, illegal, and unregulated fishing and destructive fishing practices

Activity

- Increasing the sustainability of fishing by identifying vessels that may be breaking regulations and providing insights to fishing authorities through data collection and artificial intelligence systems (AI for Earth program, in partnership with OceanMind)

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✓ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

no financial info related to the activity

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SDG 16. Peace, justice and strong institutions

Target 16.6. Develop effective, accountable and transparent institutions at all levels

Outcome Increase in the effectiveness, accountability and transparency of institutions at all levels

Activity

- Providing free and open-source technology and programs (e.g. ElectionGuard and Microsoft Democracy Forward Initiative) to make elections more secure and enable people and external monitors to check elections votes have been correctly counted and not altered

Criteria

- ✓ Activity actually delivered (vs. project or past activity)
- ✓ Linked to SDG target
- ✓ Reached threshold to be a positive impact vs a negative impact mitigation
- ✗ Clear causal links between the activity and the intended positive outcome (Theory of Change)
- ✗ Reached financial materiality (>0.01% of activities)

Criteria justification(s)

The organization does not provide sufficient proof the activities can turn into the desired outcome

no financial info related to the activity

Negative impact

Negative impact score **78** / 300

Actual negative impacts

SDG 6. Clean water and sanitation

Outcome Water withdrawal and consumption

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Consuming large amounts of water in data centers for cooling purposes, as well as in Microsoft facilities and offices as part of operations, including water from water-stressed regions such as in the Middle-East, Africa, Caribbean (Puerto Rico)

Activity mitigating negative impact

- Implementing Smart Water Navigator across data centers to prioritize and manage incoming water quality sources, such as recycled water (Scope: unknown)
- Utilizing an Adiabatic cooling system across data centers globally to reduce air temperature by evaporating water in its presence, which reduces power and water usage
- Researching and implementing a liquid immersion cooling system during the production phase to reduce water consumption (scope unknown)
- Building the Silicon Valley Campus with a net zero certification, whereby beyond drinking fountains and sinks, water does not come from municipal sources
- Recycling water from air conditioning condensate water for the irrigation and cooling towers at the Herzliya, Israel site
- Generating freshwater from the humidity in the air through Watergen's technology in the Herzliya, Israel site, which will also be introduced to other company sites, for example, in Hyderabad, India
- Removing the dyeing process on company products such as the CLARINO fabric by switching to a solution dye technique to reduce water consumption by 20%

Stakeholders

Direct Local communities Direct Local ecosystems Indirect Planet

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SDG 7. Affordable and clean energy

Outcome Energy consumption

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

- Consuming energy to power critical hardware and IT infrastructure in data centers and development labs: data centers need to be powered continuously and require central processing units, memory, storage, and cooling, leading to high energy consumption

Activity mitigating negative impact

- Optimizing the energy efficiency of chiller plants that provides air conditioning in company sites through the use of Bonsai, an artificial intelligence platform
- Utilizing kinetic energy for back up power to replace the need for lead acid batteries to reduce energy comsumption
- Using thermal energy to heat and cool buildings to reduce 50% of energy usage in the Puget Sound Campus and support water systems in the Silicon Valley Campus

Stakeholders

Direct Local ecosystems | Direct Local communities | Indirect Local ecosystems

SDG 10. Reduced inequalities

Outcome Diversity and inclusion

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Contributing to social inequalities through the under-representation of BIPOC in the company;- Contributing to gender inequalities through the under-representation of women and potential gender pay gap in the company, as well as a lack of women in executive and managerial position

Activity mitigating negative impact

- Training more than 91% of core Microsoft employees on topics regarding allyship, covering, privilege and unconscious bias through diversity and inclusion (D&I) required learning courses
- Correcting the racial and ethnic minority pay gap by allowing minority workers in the US combined to earn $1.006 for every $1.000 earned by their white counterparts at the same job title and level
- Correcting the gender pay gap by allowing female employees in the US to earn $1.002 and female employees globally to earn $1.001 for every $1.000 earned by their male colleagues
- Organizing Include 2021, a two-day D&I event with external experts to spread awareness and educate employees and beyond on various D&I topics and issues, featuring more than 110 sessions and reaching 185 countries
- Increasing the number of countries for employees to voluntarily and confidentially share attributes of personal identity such as sexual orientation, disability status, and gender identity, including a transgender option
- Providing flexible working options to its employees such as time flexibility, remote working, childcare closure leave for working parents and added well-being days (time off for mental health purposes)
- Establishing and incorporating a Complaint and Investigations Process for discrimination complaints into the Anti-Harassment and Anti-Discrimination Policy

Stakeholders

Direct Women employees | Direct Vulnerable groups | Indirect Vulnerable groups | Indirect Women employees

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SDG 12. Responsible consumption and production

Outcome Product or service lifecycle management

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

- Consumer hardware: large amount of greenhouse gas emitted due to the energy consumed during product use phase and the contribution to the planned obsolescence of devices due to high rate of technological advancements and electronic waste at the end-of-life;Causing environmental impacts throughout the lifecycle of operating activities:
- Cloud and software services: running software and cloud relies on data centers, which need to be powered continuously and are energy-intensive activities

Activity mitigating negative impact

- Increasing the scope of Microsoft's lifecycle assessment (LCA) and telemetry approach to better measure and prioritize possibilities for reducing carbon intensity throughout the entire lifecycle of devices
- Conduct LCAs according to ISO 14040 and ISO 14044 to estimate emissions from the manufacturing of devices to the individual component level
- Developing new Microsoft products (Surface Pro 8 and Surface Laptop Studio) and implementing new features (Energy Saver on the Xbox console) that are more energy efficient to reduce the product's energy and carbon footprint
- Building Circular Centers at various company locations to manage e-waste through reusing and recycling cloud hardware
- Extending the lifespan of products through enhancing repairability and serviceability by integrating the Design for Repair engineering program into products and expanding the Authorized Service Providers network
- Enabling responsible end-of-life with devices, processes and materials by establishing recycling programs (Devices Trade-In Program, Authorized Refurbisher Program, and voluntary mail-back recycling program)
- Producing 93-97% recyclable devices such as the Surface Laptop 4, and Xbox Series X and S

Stakeholders

Direct Local communities | Direct Local ecosystems | Indirect Local ecosystems | Indirect Civil society

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SDG 12. Responsible consumption and production

Outcome Waste generation and hazardous materials management

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

- Generating hazardous and non-hazardous waste through manufacturing and operating activities: presence of hazardous materials in hardware during assembly, as well as waste from operating activities, including e-waste from the operation of IT infrastructure and data centers

Activity mitigating negative impact

- Certifying datacenters with Zero Waste certifications for San Antonio, Texas and Quincy, Washington datacenters and renewed certifications for our Boydton, Virginia and Dublin, Ireland locations
- Diverting operational solid waste from landfills or incinerators through working with waste haulers on waste diversion programs and implementing renew, reuse, and recycle initiatives
- Reducing single-use plastic waste on company sites by switching to the use of recyclable paper visitor badges, reusable cups and meal boxes
- Incorporating ocean plastics, post-consumer and post-industrial recycled materials into company products, including Surface power supply units, Surface devices and housing, Xbox consoles and controllers, PC accessories
- Using a manufacturing 'stamping' technique to reduce the aluminum scrap rate for Surface Laptop Studio's base by more than 25%

- Reworking waste accounting using PowerApps, Dynamics 365, and Power BI to increase the collection of data, provide greater visibility into waste types and forecast impacts driving upstream decision-making to minimize waste
- Developing 99% of recyclable product packaging with sustainably forested content by the Forest Stewardship Council (FSC)

Stakeholders

Direct Local communities | Direct Local ecosystems | Indirect Planet

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SDG 13. Climate action

Outcome Greenhouse gas emissions

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

Emitting greenhouse gases through direct and indirect activities:
- Scope 1: direct emissions from on-site sources, such as company-owned vehicles or generators at Microsoft offices and data centers
- Scope 2: indirect emissions from purchased energy and utilities to run operations and power office buildings
- Scope 3: indirect emissions from upstream and downstream sources, mainly from purchased goods and services (such as energy consumption from data centers), capital goods, and the use of sold products

Activity mitigating negative impact

- Reducing embodied Carbon through developing Embodied Carbon in Construction (EC3) tool for tracking purposes and incorporating low carbon materials for their data centers, such as mass timber and CarbonCure (cement)
- Increasing the internal carbon fee to $15 per metric ton for each of Microsoft's business divisions to hold them accountable and generate funds for other sustainability initiatives, such as procuring renewable energy
- Removing 1.4M tons of carbon through projects involving community-based reforestation, biochar, and direct air capture
- Increasing the share of renewable energy across company sites through signing new power purchase agreements for 5.8GW of renewable energy
- Certifying company sites with Zero Carbon and LEED Gold or Platinum certifications (Four datacenters are LEED Gold certified, and 74 projects are going through certification)
- Partnering with internal and external stakeholders to implement initiatives to reduce GHG emissions, such as Hack for sustainability, renewable energy and energy matching solutions, and developing supplier reporting tools
- Increasing carbon awareness and lowering carbon in cloud operations through developing new software features, including Start/Stop VMs, displaying resource metrics in Azure Machine Learning and Carbon Aware Core

Stakeholders

Direct Planet

SDG 16. Peace, justice and strong institutions

Outcome Customer privacy and data security

Company acknowledgement Yes

Impact type

A

Activity generating negative impact Mitigated

- Generating an impact on data security through the collection of consumers' personal data and sensitive information through products and services and the commercialization of consumer hardware and smart devices

Activity mitigating negative impact

- Launching the Next Generation Privacy initiative to develop a framework covering policies, technological infrastructure, and customer experiences to address privacy at all organizational levels and standardize compliance
- Setting up a Privacy Management Council (PMC) comprised of privacy program owners to conduct privacy reviews of significant new personal data collection and usage in accordance with the Microsoft Privacy Standard
- Conducting the monitoring, verification and risk assessment of privacy compliance by privacy program groups via data processing impact assessments and transparency reporting
- Communicating and providing direct access to privacy and data security tools for all customers through online platforms such as Privacy at Microsoft, Microsoft Trust Center, and the Microsoft Privacy Dashboard
- Establishing the Microsoft Trust Cloud initiative to protect users from cyber threats, give users data access and control, adopt new global standards and give transparent insight into Microsoft's policies and practices
- Intercepting email threats and authentication attacks to protect customer privacy and data security
- Providing a Privacy Support Form for users to voice concerns on Microsoft's privacy policies across all products and services, and request data subject rights, such as the ability to view and remove personal data

Stakeholders

Direct Clients Direct Consumers Indirect Consumers Indirect International organizations

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SDG 16. Peace, justice and strong institutions

Outcome Supply chain management

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Generating negative environmental and social impacts along the supply chain through ineffective supply chain management: Microsoft has a high number of suppliers, some of whom can engage in socially and environmentally damageable practices, especially through the sourcing of minerals, raw materials, or services in high risks countries

Activity mitigating negative impact

- Integrating additional sustainability requirements, including supplier's carbon footprints and plans to reduce them, to the Supplier Code of Conduct
- Collaborating with suppliers to explore a closed-loop supply chain for difficult-to-recycle materials and establish emission reduction action plans through educational webinars and one-on-one meetings
- Providing tools and resources developed with ENGIE Impact, WSP, and CDP to help suppliers report their GHG emissions, develop clean energy strategies, and reduce their energy-related emissions
- Including the Supplier Code of Conduct, aligned with the Responsible Business Alliance's responsible supply chain standards, in all supplier contracts and Social and Environmental Accountability requirements
- Implementing a risk management system involving supplier selection, audits and risk assessments with corrective and preventative actions to manage and mitigate risks in the supply chain and operations of suppliers
- Communicating and training new suppliers through the Microsoft SEA Academy on Microsoft policy or procedure updates, labour and EHS requirements, business ethics, audit processes, and tools to build their capabilities
- Extending the mineral transparency reporting and minerals supplier survey to include beyond conflict minerals to identify, map, and understand sourcing profiles of aluminum, copper, lithium, magnesium and nickel

Stakeholders

Direct Local ecosystems | Direct Local suppliers | Direct Contractors | Direct Sub-contractors | Direct Contractors

Indirect Local suppliers | Indirect Local ecosystems

SDG 16. Peace, justice and strong institutions

Outcome Anti-competitive practices

Company acknowledgement Yes

Impact type

Z

Activity generating negative impact Mitigated

- Contributing to anti-competitive practices in the technology sector such as abuse of dominant position (e.g. tying sales, predatory conduct and pricing), oligopoly, infringement of intellectual property rights (patents and trademarks)

Activity mitigating negative impact

- Incorporating antitrust and anti-corruption policies into the Supplier Code of Conduct
- Appointing the Regulatory and Public Policy Committee to oversee management policies and programs relating to competition and antitrust issues and topics
- Extending Microsoft's trust code (standards of business conduct) to cover topics on the protection of confidential information and intellectual property, trading on inside information, avoiding conflicts of interest, etc.

Stakeholders

Direct Competitors | Direct Administration and governments | Indirect Local communities | Indirect Clients

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Potential negative impacts

SDG 8. Decent work and economic growth

Outcome Workers' health and safety

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Potential risk of impacting workers' health and safety through the manufacturing process, particularly in outsourced manufacturing activities and sourcing of raw materials for consumer hardware, which utilize machinery and makes use of chemicals known to be hazardous to human health or are known carcinogens, resulting in potential long-term health impacts on workers

Activity mitigating negative impact

- Providing benefits package to employees: counselling through the Microsoft CARES Employee Assistance Program, flexible fitness benefits, savings and investment tools, adoption assistance, and backup care for dependents
- Conducting audits of suppliers by auditors with RBA Labour & Ethics/EHS, SA8000 or ISO 45001 auditor qualifications to detect risks to workers' health and safety and ensure respect of occupational health and safety
- Incorporating workers' health and safety policies into the Supplier and Partner Code of Conduct
- Introducing wellbeing and productivity features in Microsoft Teams for employees to better manage their mental health
- Providing training on occupational health and safety (OHS) topics to supplier sites via the SEA Academy, online webinars, and on-site training by OHS experts
- Launching OHS programs at high OHS risk factories, including cyanide safety handling, chemicals risk managememt, machine safeguarding
- Conducting on-site risk assessments and mitigation at supplier sites, especially at factories such as magnesium/aluminum manufacturing factories, printed circuit board factories, and solvent printing factories

Stakeholders

Indirect Suppliers and distributors

Direct Vulnerable groups

Direct Suppliers and distributors

Indirect Vulnerable groups

SDG 8. Decent work and economic growth

Outcome Poor labour and working conditions

Company acknowledgement Yes

Impact type: A

Activity generating negative impact Mitigated

- Potential risk of contributing to poor labor standards through poor human resource management practices: offshoring, working conditions in call centres, burnout, harassment

Activity mitigating negative impact

- Establishing the Human Rights Core Team to develop strategies, human rights initiatives and policies, identify and reduce the risk of modern slavery and human trafficking across operations and the supply chain
- Requiring suppliers to implement compliance plans for migrant workers and zero fees policies for worker recruitment to minimize the risk of forced or bonded labour in Microsoft's operations and supply chains
- Extending the Responsible Sourcing Program to cover issues and topics related to human rights, health and safety, and ethics
- Implementing Standards of Business Conduct and the Supplier and Partner Code of Conduct to ensure respect for human rights, and nonacceptance of child or forced labour, or violence or discrimination, in the work environment
- Conducting data analysis to identify audit, EHS, labour, and RSRM risks for each product category to improve the SEA engagement strategies and lower the risk of forced labour
- Providing a Worker's Voice Hotline program to 235 factories in the supply chain for employees and external collaborators to anonymously report labour conditions grievances, and violations

Stakeholders

Indirect Local communities

Direct Vulnerable groups

Direct Vulnerable groups

Indirect Vulnerable groups

Indirect Vulnerable groups

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SDG 17. Partnership for the goals

Outcome Critical incidents and systemic risk management

Company acknowledgement Yes

Impact type A

Activity generating negative impact Mitigated

- Possible technical failures could generate large-scale business discontinuity and data breaches;- Potential risk of systemic disruption due to Microsoft's dominant position on the internet and the fact that several essential infrastructures, including healthcare institutions, government agencies and political campaigns, depend on its systems

Activity mitigating negative impact

- Managing and mitigating fire explosion risks by engaging suppliers to complete risk assessments and self-assessments to implement mitigating measures
- Implementing systems to safeguard Microsoft's operations, such as Microsoft Defender Advanced Threat Protection, Azure Advanced Threat Protection, the Azure Security Center, and Microsoft Cloud App Security
- Introducing Microsoft's operating system, Windows 365, to the cloud (cloud PC) to provide greater flexibility, stability and security for individuals and organizations
- Tracking over 140 groups that pose an active threat to global cybersecurity to prevent and reduce the risk of systemic disruption
- Implementing incident response process including the identification, forensic investigation, containment, eradication, recovery, lessons learned, and timely communication of incidents
- Enhancing data center hardware storage and security through project Cerberus, which provides secure firmware implementation, and project Denali which improves the specification for solid state device (SSD) storage
- Utilizing Microsoft Azure Global Infrastructure that includes rigorous physical security to protect services and data from natural disasters and unauthorized access across data centers

Stakeholders

Direct Civil society | Direct Administration and governments | Direct Planet

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Impact results

Reducing negative impact

SDG	Outcomes covered	Total indicators
	1	2

1

Associated outcome Water withdrawal and consumption

Indicator Total water consumption

Progression towards threshold or objective

4,478 ML (+12.88%)
Outcome from 2020 to 2021

3,967 ML
Value in 2019

N/A
Company Objective

2

Associated outcome Water withdrawal and consumption

Indicator Total water withdrawal

Progression towards threshold or objective

7,657 ML (+0.51%)
Outcome from 2020 to 2021

7,618 ML
Value in 2019

N/A
Company Objective

1	2

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1

Associated outcome Energy consumption

Indicator Electricity consumption per USD million in revenue

Progression towards threshold or objective

77.00 MWh (+6.94%)
Outcome from 2020 to 2021

72.00 MWh
Value in 2019

N/A
Company Objective

2

Associated outcome Energy consumption

Indicator Total energy consumption

Progression towards threshold or objective

13,481,863 MWh (+25.33%)
Outcome from 2020 to 2021

10,757,166 MWh
Value in 2019

N/A
Company Objective

1

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - manager

Progression towards threshold or objective

0.40 % (0.00% point)
Outcome from 2020 to 2021

0.40 %
Value in 2019

N/A
Company Objective

2

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

0.50 % (0.00% point)
Outcome from 2020 to 2021

0.50 %
Value in 2019

N/A
Company Objective

3

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - technical roles

Progression towards threshold or objective

0.50 % (0.00% point)
Outcome from 2020 to 2021

0.50 %
Value in 2019

N/A
Company Objective

4

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - total workforce

Progression towards threshold or objective

0.50 % (0.00% point)
Outcome from 2020 to 2021

0.50 %
Value in 2019

N/A
Company Objective

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5

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - retail

Progression towards threshold or objective

9.80 % (-0.10% point)
Outcome from 2020 to 2021

9.90 %
Value in 2019

N/A
Company Objective

6

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - non-tech roles (includes retail)

Progression towards threshold or objective

16.90 % (+0.40% point)
Outcome from 2020 to 2021

16.50 %
Value in 2019

N/A
Company Objective

7

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - executive

Progression towards threshold or objective

23.30 % (+1.80% point)
Outcome from 2020 to 2021

21.50 %
Value in 2019

N/A
Company Objective

8

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

26.20 % (+1.00% point)
Outcome from 2020 to 2021

25.20 %
Value in 2019

N/A
Company Objective

9

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - director

Progression towards threshold or objective

31.30 % (+1.50% point)
Outcome from 2020 to 2021

29.80 %
Value in 2019

N/A
Company Objective

10

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - manager

Progression towards threshold or objective

31.00 % (+0.40% point)
Outcome from 2020 to 2021

30.60 %
Value in 2019

N/A
Company Objective

11

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

36.30 % (+0.80% point)
Outcome from 2020 to 2021

35.50 %
Value in 2019

N/A
Company Objective

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12

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - technical roles

Progression towards threshold or objective

42.60 % (+0.80% point)
Outcome from 2020 to 2021

41.80 %
Value in 2019

N/A
Company Objective

13

Associated outcome Diversity and inclusion

Indicator Percentage of Asian per employee category in core Microsoft - total workforce

Progression towards threshold or objective

35.40 % (+0.70% point)
Outcome from 2020 to 2021

34.70 %
Value in 2019

N/A
Company Objective

14

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - retail

Progression towards threshold or objective

26.90 % (+1.00% point)
Outcome from 2020 to 2021

25.90 %
Value in 2019

N/A
Company Objective

15

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - non-tech roles (includes retail)

Progression towards threshold or objective

10.30 % (+0.40% point)
Outcome from 2020 to 2021

9.90 %
Value in 2019

N/A
Company Objective

16

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - executive

Progression towards threshold or objective

3.70 % (+0.40% point)
Outcome from 2020 to 2021

3.30 %
Value in 2019

N/A
Company Objective

17

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

5.20 % (+0.80% point)
Outcome from 2020 to 2021

4.40 %
Value in 2019

N/A
Company Objective

18

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - director

Progression towards threshold or objective

5.20 % (+0.40% point)
Outcome from 2020 to 2021

4.80 %
Value in 2019

N/A
Company Objective

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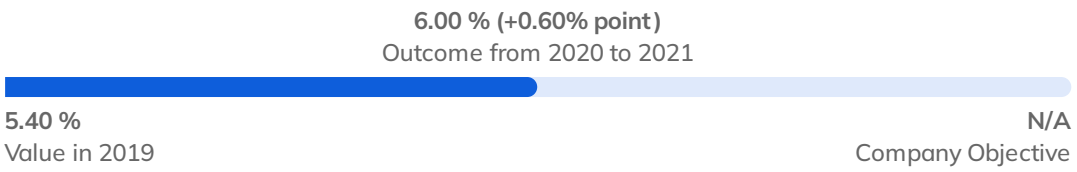
19

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - manager

Progression towards threshold or objective

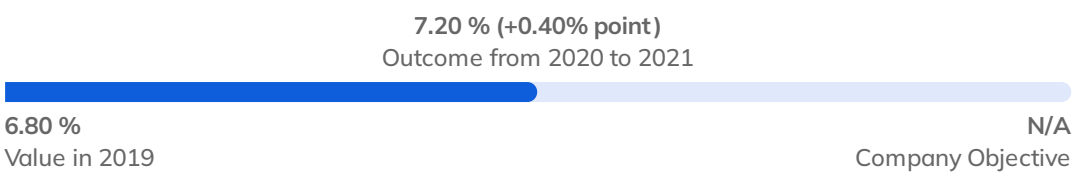


20

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

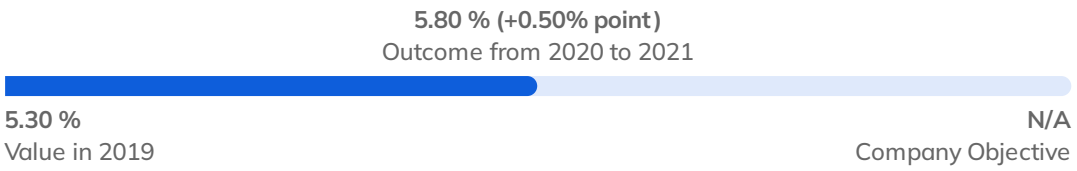


21

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - technical roles

Progression towards threshold or objective

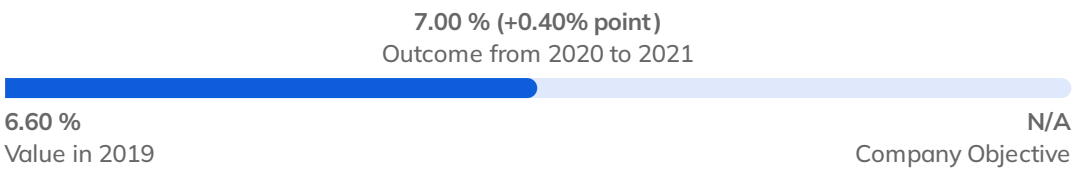


22

Associated outcome Diversity and inclusion

Indicator Percentage of Hispanic and Latinx per employee category in core Microsoft - total workforce

Progression towards threshold or objective

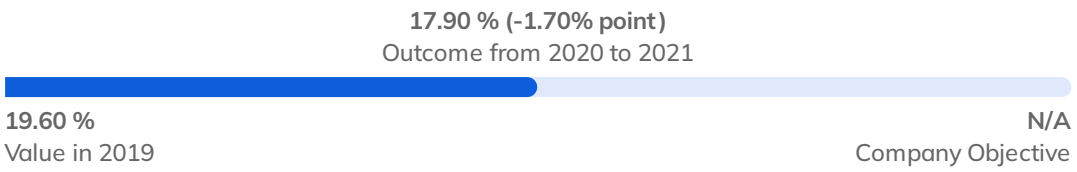


23

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - retail

Progression towards threshold or objective

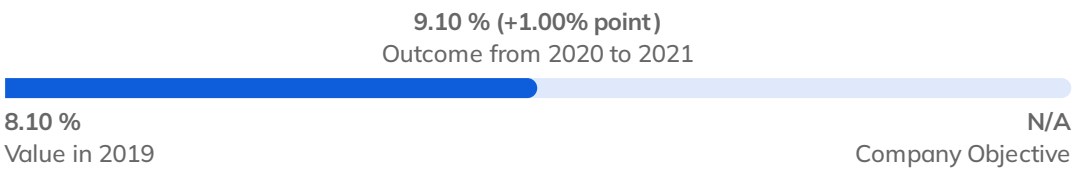


24

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - non-tech roles (includes retail)

Progression towards threshold or objective

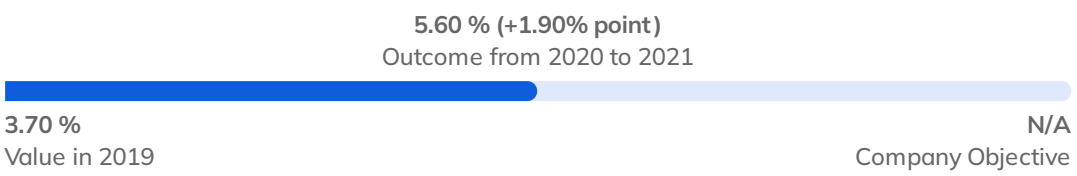


25

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - executive

Progression towards threshold or objective



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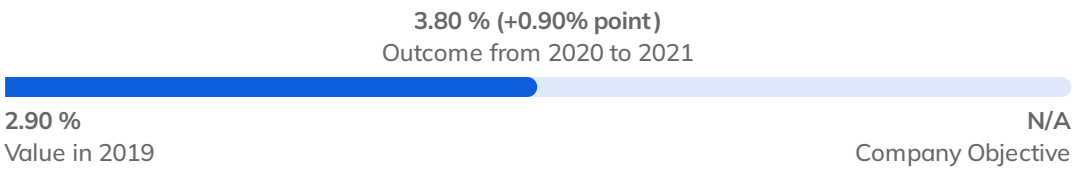
26

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

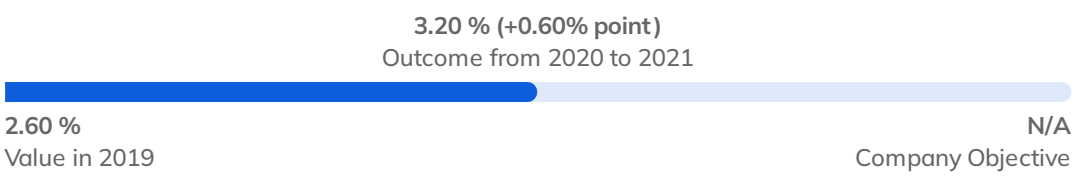


27

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - director

Progression towards threshold or objective

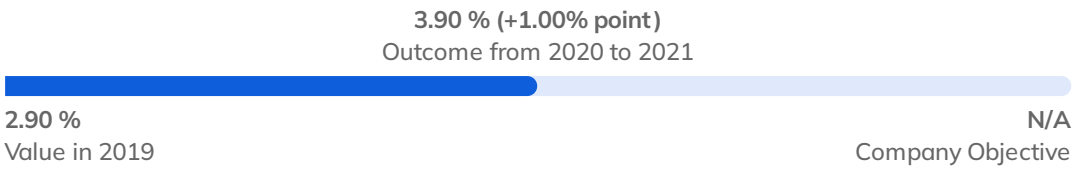


28

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - manager

Progression towards threshold or objective

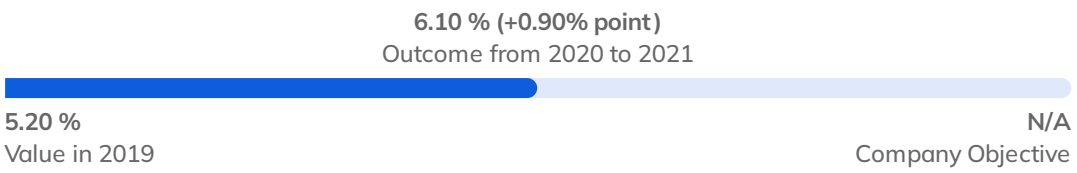


29

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

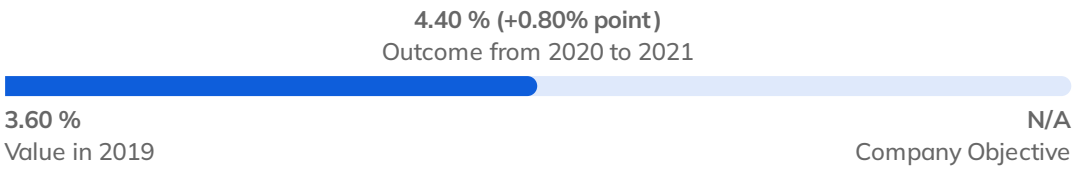


30

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - technical roles

Progression towards threshold or objective

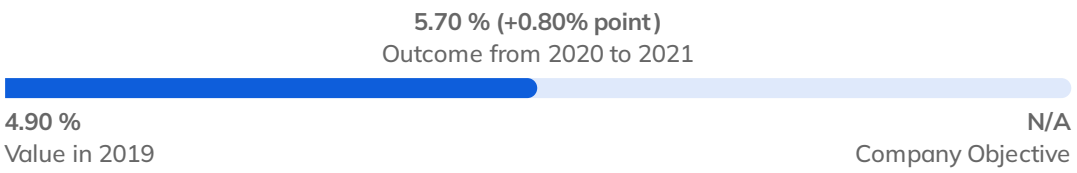


31

Associated outcome Diversity and inclusion

Indicator Percentage of Black and African American per employee category in core Microsoft - total workforce

Progression towards threshold or objective

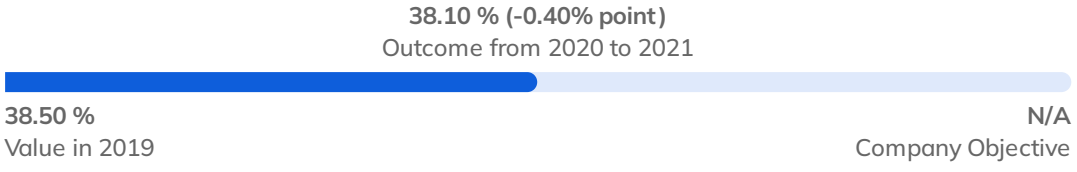


32

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - retail

Progression towards threshold or objective



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33

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - non-tech roles (includes retail)

Progression towards threshold or objective

41.20 % (+0.80% point)
Outcome from 2020 to 2021

40.40 %	N/A
Value in 2019	Company Objective

34

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - executive

Progression towards threshold or objective

25.00 % (+1.00% point)
Outcome from 2020 to 2021

24.00 %	N/A
Value in 2019	Company Objective

35

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

21.10 % (+1.10% point)
Outcome from 2020 to 2021

20.00 %	N/A
Value in 2019	Company Objective

36

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - director

Progression towards threshold or objective

22.00 % (+0.90% point)
Outcome from 2020 to 2021

21.10 %	N/A
Value in 2019	Company Objective

37

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - retail

Progression towards threshold or objective

2.00 % (-0.10% point)
Outcome from 2020 to 2021

2.10 %	N/A
Value in 2019	Company Objective

38

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - non-tech roles (includes retail)

Progression towards threshold or objective

2.80 % (+0.20% point)
Outcome from 2020 to 2021

2.60 %	N/A
Value in 2019	Company Objective

39

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - executive

Progression towards threshold or objective

0.70 % (+0.30% point)
Outcome from 2020 to 2021

0.40 %	N/A
Value in 2019	Company Objective

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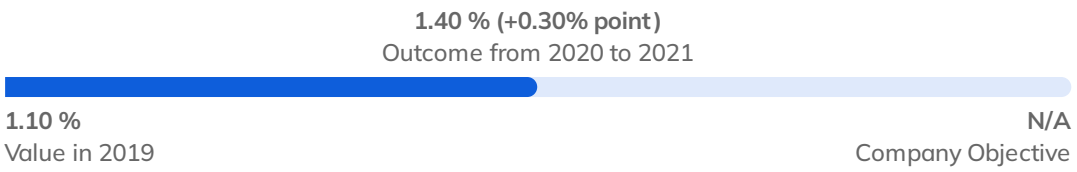
40

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

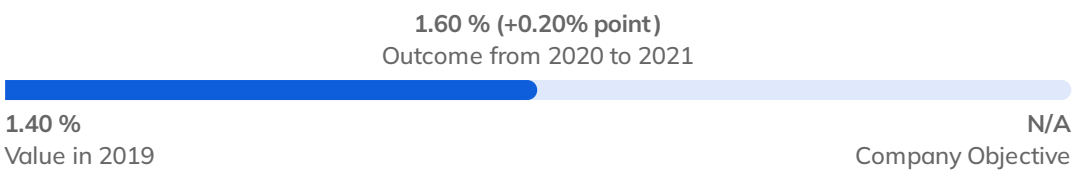


41

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - director

Progression towards threshold or objective

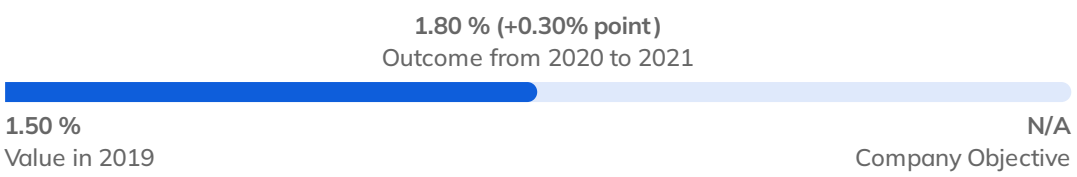


42

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - manager

Progression towards threshold or objective

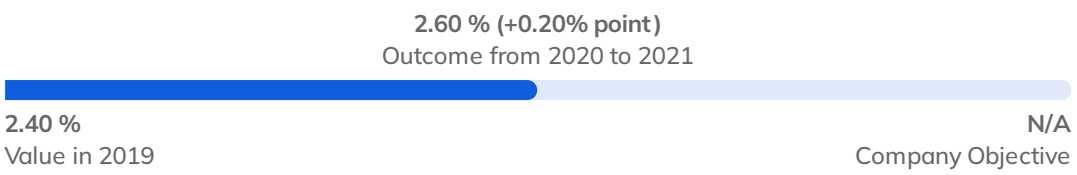


43

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

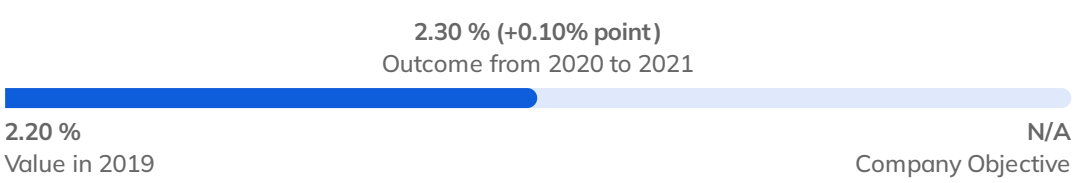


44

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - technical roles

Progression towards threshold or objective

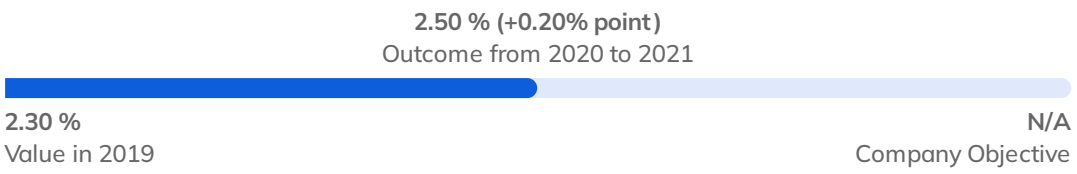


45

Associated outcome Diversity and inclusion

Indicator Percentage of multiracial per employee category in core Microsoft - total workforce

Progression towards threshold or objective

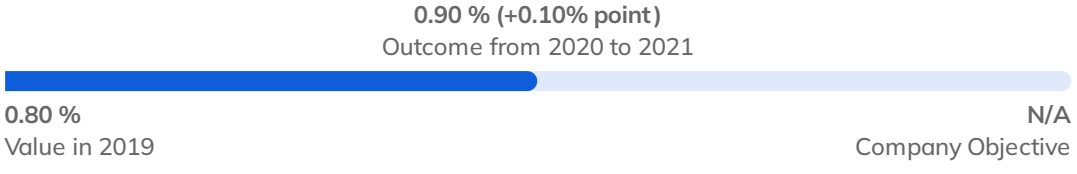


46

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - retail

Progression towards threshold or objective



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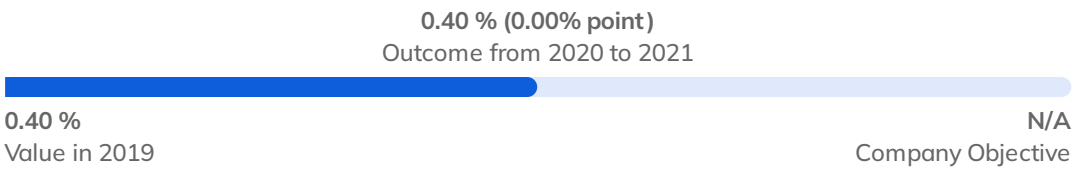
47

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - non-tech roles

Progression towards threshold or objective

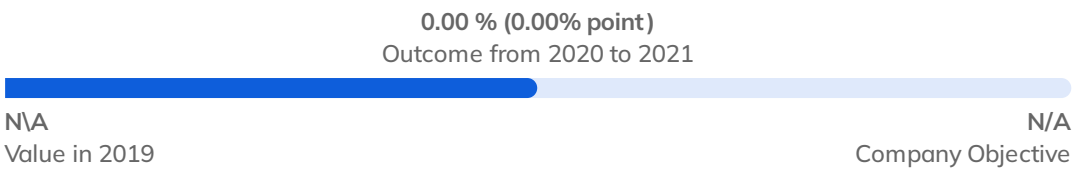


48

Associated outcome Diversity and inclusion

Indicator Percentage ofNative Hawaiin and Pacific Islander per employee category in core Microsoft - executive

Progression towards threshold or objective

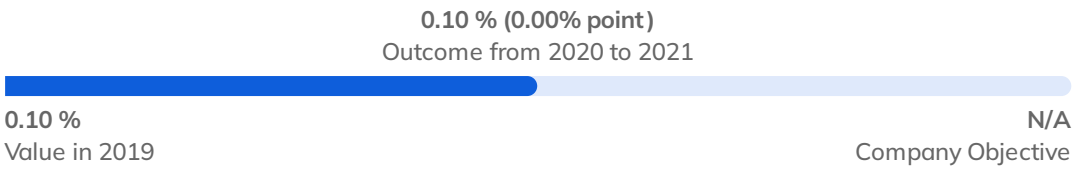


49

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

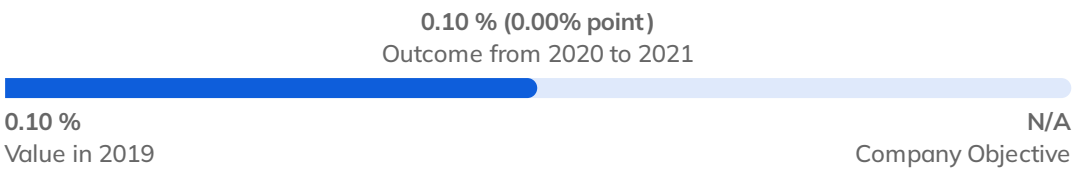


50

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - director

Progression towards threshold or objective

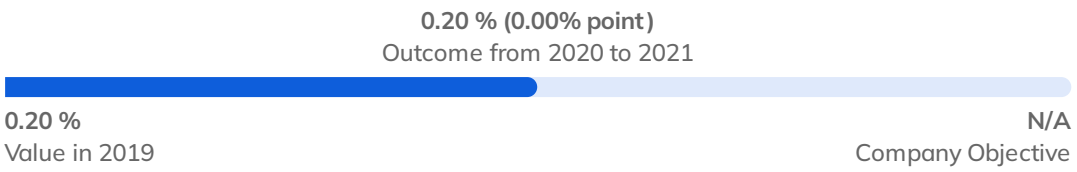


51

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - manager

Progression towards threshold or objective

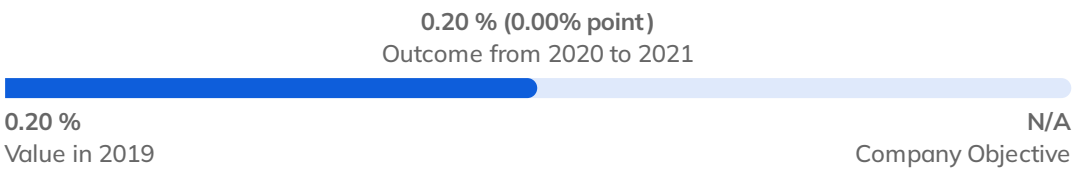


52

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

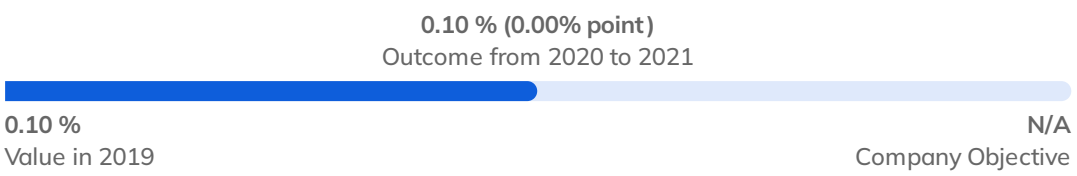


53

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - technical roles

Progression towards threshold or objective



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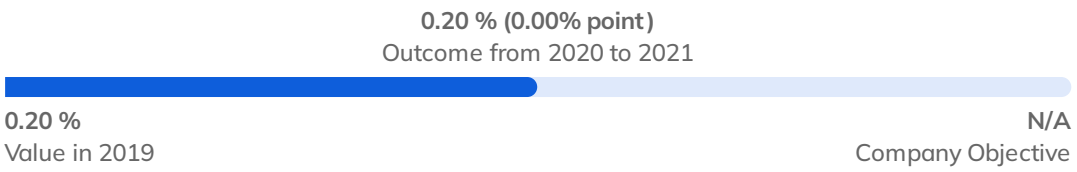
54

Associated outcome Diversity and inclusion

Indicator Percentage of Native Hawaiin and Pacific Islander per employee category in core Microsoft - total workforce

Progression towards threshold or objective

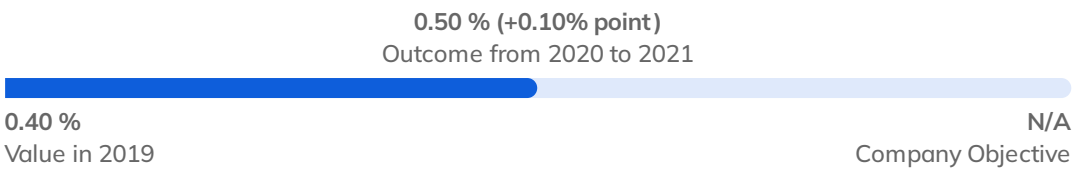


55

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - retail

Progression towards threshold or objective

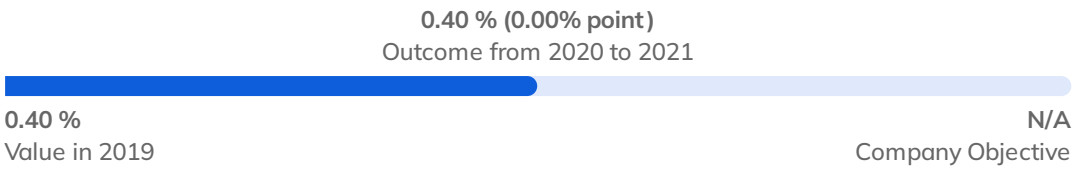


56

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - non-tech roles (includes retail)

Progression towards threshold or objective

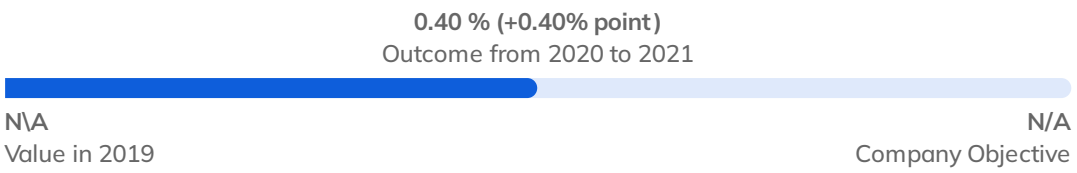


57

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - executive

Progression towards threshold or objective

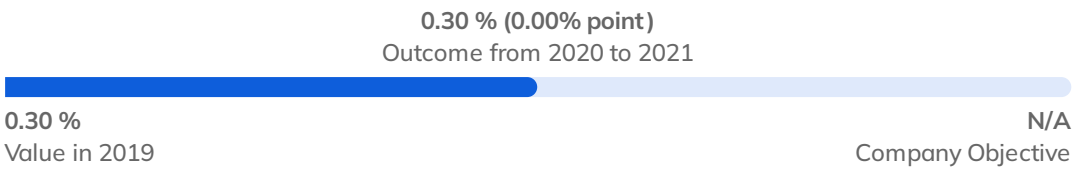


58

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - partner & executive

Progression towards threshold or objective

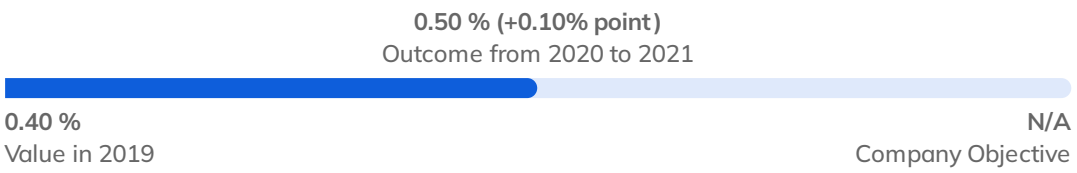


59

Associated outcome Diversity and inclusion

Indicator Percentage of Native American and Alaska Native per employee category in core Microsoft - director

Progression towards threshold or objective

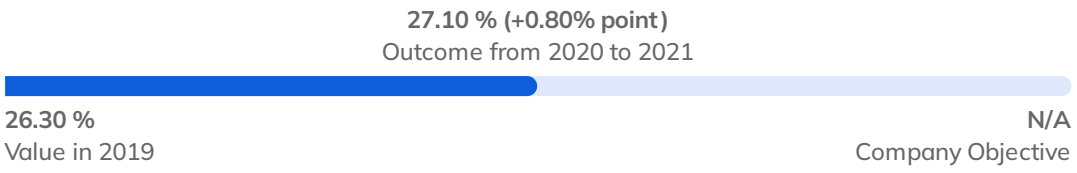


60

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category - management position

Progression towards threshold or objective



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61

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - individual contibutors

Progression towards threshold or objective

30.20 % (+1.20% point)
Outcome from 2020 to 2021

29.00 %
Value in 2019

N/A
Company Objective

62

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category in core Microsoft - technical roles

Progression towards threshold or objective

24.40 % (+1.60% point)
Outcome from 2020 to 2021

22.80 %
Value in 2019

N/A
Company Objective

63

Associated outcome Diversity and inclusion

Indicator Percentage of women per employee category - total workforce

Progression towards threshold or objective

29.70 % (+1.10% point)
Outcome from 2020 to 2021

28.60 %
Value in 2019

N/A
Company Objective

64

Associated outcome Diversity and inclusion

Indicator Percentage of employees in broader Microsoft business (US) - multiracial

Progression towards threshold or objective

2.50 % (+0.20% point)
Outcome from 2020 to 2021

2.30 %
Value in 2019

N/A
Company Objective

65

Associated outcome Diversity and inclusion

Indicator Percentage of employees in broader Microsoft business (US) - Native American, Alaska Native, Native Hawaiin, and Pacific Islander

Progression towards threshold or objective

0.60 % (0.00% point)
Outcome from 2020 to 2021

0.60 %
Value in 2019

N/A
Company Objective

66

Associated outcome Diversity and inclusion

Indicator Percentage of employees in broader Microsoft business (US) - Hispanic and Latinx

Progression towards threshold or objective

6.90 % (+0.50% point)
Outcome from 2020 to 2021

6.40 %
Value in 2019

N/A
Company Objective

67

Associated outcome Diversity and inclusion

Indicator Percentage of employees in broader Microsoft business (US) - Black and African American

Progression towards threshold or objective

5.60 % (+0.90% point)
Outcome from 2020 to 2021

4.70 %
Value in 2019

N/A
Company Objective

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68

Associated outcome Diversity and inclusion

Indicator Percentage of employees in broader Microsoft business (US) - Asian

Progression towards threshold or objective

34.90 % (0.00% point)
Outcome from 2020 to 2021

34.90 %	N/A
Value in 2019	Company Objective

69

Associated outcome Diversity and inclusion

Indicator Percentage of employees in broader Microsoft business (global) - women

Progression towards threshold or objective

30.90 % (+0.70% point)
Outcome from 2020 to 2021

30.20 %	N/A
Value in 2019	Company Objective

1 8

1

Associated outcome Waste generation and hazardous materials management

Indicator Total non-hazardous waste directed to disposal

Progression towards threshold or objective

7,232 Mt (-36.62%)
Outcome from 2020 to 2021

11,410 Mt	N/A
Value in 2019	Company Objective

2

Associated outcome Waste generation and hazardous materials management

Indicator Total hazardous waste directed to disposal

Progression towards threshold or objective

8.00 Mt (0.00%)
Outcome from 2020 to 2021

8.00 Mt	N/A
Value in 2019	Company Objective

3

Associated outcome Waste generation and hazardous materials management

Indicator Total waste directed to disposal

Progression towards threshold or objective

7,240 Mt (-36.59%)
Outcome from 2020 to 2021

11,418 Mt	N/A
Value in 2019	Company Objective

4

Associated outcome Waste generation and hazardous materials management

Indicator Total non-hazardous waste diverted from disposal

Progression towards threshold or objective

13,536 Mt (-31.26%)
Outcome from 2020 to 2021

19,691 Mt	N/A
Value in 2019	Company Objective

5

Associated outcome Waste generation and hazardous materials management

Indicator Total waste diverted from disposal

Progression towards threshold or objective

15,278 Mt (-47.59%)
Outcome from 2020 to 2021

29,152 Mt	N/A
Value in 2019	Company Objective

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6

Associated outcome Waste generation and hazardous materials management

Indicator Total non-hazardous waste generated

Progression towards threshold or objective

20,768 Mt (-33.22%)
Outcome from 2020 to 2021

31,101 Mt
Value in 2019

N/A
Company Objective

7

Associated outcome Waste generation and hazardous materials management

Indicator Total hazardous waste generated

Progression towards threshold or objective

1,750 Mt (-81.52%)
Outcome from 2020 to 2021

9,469 Mt
Value in 2019

N/A
Company Objective

8

Associated outcome Waste generation and hazardous materials management

Indicator Total waste generated

Progression towards threshold or objective

22,518 Mt (-44.50%)
Outcome from 2020 to 2021

40,570 Mt
Value in 2019

N/A
Company Objective

1 8

1

Associated outcome Greenhouse gas emissions

Indicator Total renewable energy consumption

Progression towards threshold or objective

12,969,393 MWh (+26.60%)
Outcome from 2020 to 2021

10,244,377 MWh
Value in 2019

N/A
Company Objective

2

Associated outcome Greenhouse gas emissions

Indicator Scope 3 GHG emissions

Progression towards threshold or objective

13,785,000 tCO2eq (+22.65%)
Outcome from 2020 to 2021

11,239,000 tCO2eq
Value in 2019

5,619,500.0 tCO2eq
Company Objective in 2030

3

Associated outcome Greenhouse gas emissions

Indicator Scope 1 & 2 (market-based) GHG emissions

Progression towards threshold or objective

287,639 tCO2eq (-16.94%)
Outcome from 2020 to 2021

346,294 tCO2eq
Value in 2019

N/A
Company Objective in 2025

4

Associated outcome Greenhouse gas emissions

Indicator GHG emissions within carbon neutral boundary

Progression towards threshold or objective

292,106 tCO2eq (-52.34%)
Outcome from 2020 to 2021

612,927 tCO2eq
Value in 2019

N/A
Company Objective

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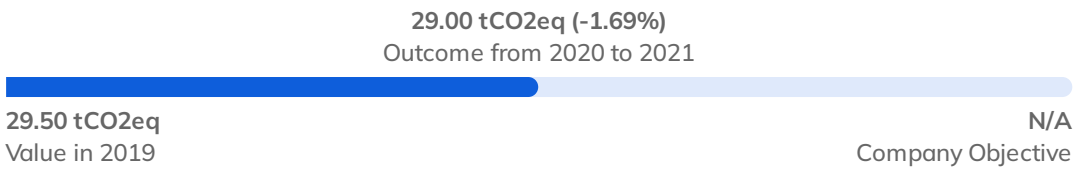
5

Associated outcome Greenhouse gas emissions

Indicator Scope 1, 2 (location-based) per USD million in revenue

Progression towards threshold or objective

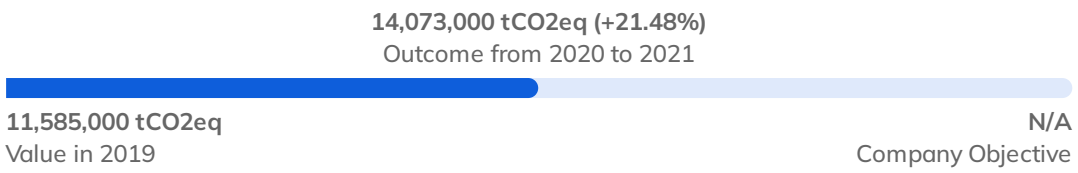


6

Associated outcome Greenhouse gas emissions

Indicator Scope 1, 2 (market-based) & 3 GHG emissions

Progression towards threshold or objective

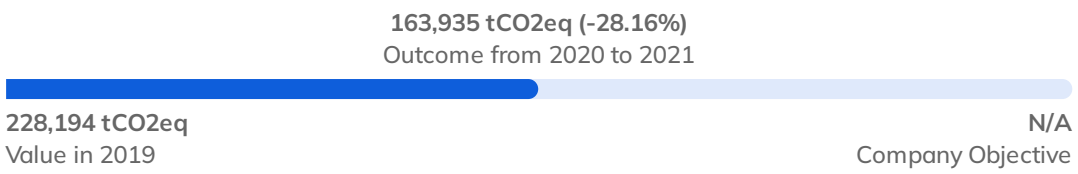


7

Associated outcome Greenhouse gas emissions

Indicator Scope 2 GHG emissions

Progression towards threshold or objective

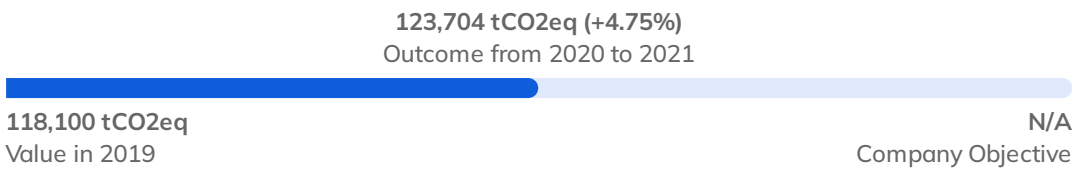


8

Associated outcome Greenhouse gas emissions

Indicator Scope 1 GHG emissions

Progression towards threshold or objective



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Suppliers CoC

Partners CoC

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Hart and Msft(web)

Impact Summary 2021

SGA data

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