



Foreword

Fifty years after our founding, Microsoft is once again at the heart of a generational shift in technology. More than any transformation before it, Al is radically changing every layer of the tech stack, and we are changing with it.

Across the company, we are accelerating innovation and adapting to a new way of working. We are delivering our current platforms while building the next generation, always striving to create more value for our customers, our partners, and the world.

To succeed, we must earn our permission to operate every day, in every country, every community, and every customer interaction. That's why we remain grounded in our mission to empower every person and every organization on the planet to achieve more.

We envision a world where every person can get help from a researcher, a coder, or an analyst on demand. And where every organization can reinvent employee experiences, reimagine customer engagement, reshape business processes, and bend the curve on innovation. This is how we unlock the next level of growth for the world, but it's not some far-off vision.

We already see what's possible when AI meets human potential—small businesses become more productive, multinationals more competitive, nonprofits more effective, governments more efficient, and health and education outcomes improve—including many examples on the pages that follow.

We have an immense opportunity and responsibility to help shape the world's future. And I'm confident that together, we will continue to build a future that empowers us all.



Satya Nadella Chairman and CEO, Microsoft

Read Satya's annual shareholder letter

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As we reflect on another remarkable year, I am reminded of the profound progress and partnerships that define this report. The pace of responsible AI innovation is extraordinary, but what inspires me most is how these advancements are reaching classrooms, communities, and cultural landmarks around the world. This is essential to ensuring we're creating technology that is trusted not only by our customers, but also by the communities and individuals they impact.

This year, through Microsoft Elevate, we've seen how AI skilling unlocks potential everywhere—from teachers inspiring students to nonprofits amplifying impact. Our \$4 billion, five-year commitment to help 20 million people earn AI credentials is about more than technology—it's about creating pathways for everyone. The new AI Economy Institute will guide us and our partners to ensure progress spreads evenly and responsibly throughout the world.

We're committed to shaping a world that honors its past and safeguards its future. By digitally preserving cultural treasures like St. Peter's Basilica and Notre Dame Cathedral and accelerating climate solutions through our Climate Innovation Fund, we're using technology to protect our shared heritage and the planet we call home. These efforts reflect our belief that progress and responsibility must go hand in hand.

I invite you to explore the progress behind the commitments—stories of ambition, collaboration, and impact. They show why this work matters—and how, together, we can shape a future where the benefits of AI and innovation are shared broadly and responsibly.



Brad Smith
Vice Chair and President, Microsoft

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Our impact

We believe that Microsoft does well when the world around us does well. Our permission to operate—and to innovate—is not something we take for granted. We must earn it by making progress on our commitments, year after year. Our mission drives us to ensure the technology we create benefits everyone on the planet, along with the planet itself.

This means that as we build the infrastructure that powers the AI economy, we are also providing the skills and opportunities for everyone to participate in it. People must remain at the center of AI innovation.



This year we launched Microsoft Elevate, a bold new initiative that unites our technology, skills, research, and philanthropic investments, so that Al can benefit every classroom, community, and cause. Over the next five years, we will invest \$4 billion through Microsoft Elevate in cash and Al cloud technology to K–12 schools, community and technical colleges, and nonprofits, as well as partner with organizations like UNICEF, Code.org, and labor unions to extend skilling opportunities that protect the humanity of work. In this year alone, we will work with over 400,000 nonprofits globally.

Through our skills initiatives, we will help 20 million people earn AI credentials over the next two years, from foundational fluency to advanced technical training. We are also focused on empowering teachers and students with the latest AI tools, making Microsoft 365 Copilot Personal free for 12 months for every college student in the United States. And we're introducing new LinkedIn courses for teachers and students, enabling them to earn LinkedIn certifications that will help boost resumes and open doors.

To support our work with deeper research and policy insights, Microsoft Elevate will work closely with our new <u>Al Economy Institute</u> to explore how Al is reshaping education and work and to help bridge the gap between technological innovation and societal impact.

Through Microsoft Elevate, we will: Support over 400,000 nonprofits globally

\$4 billion
in cash and Al cloud technology

One thing is clear: People want to use technology they can trust

We are committed to driving responsible innovation at the frontiers of AI, building safe and secure technology, and advancing shared progress—expanding what technology can achieve for everyone. Guiding every aspect of our work are the values of respect, integrity, and accountability. They are in the design of our software and services, the security of our data and privacy protections, and our engagement with employees, customers, suppliers, communities, and governments around the world.

As a multinational company, we remain dedicated to creating jobs, promoting economic opportunities, and strengthening cybersecurity, digital stability, and resilience globally. In Europe, we announced five commitments to strengthen digital stability this year. They start with an expansion of our cloud and AI infrastructure, so every country can compete in the global economy. And they include a promise to uphold Europe's digital resilience regardless of geopolitical and trade volatility.

Responsible business practices are embedded across our operations and supply chain. Following the UN Guiding Principles on Business and Human Rights, we've strengthened our due diligence processes, expanded stakeholder engagement, and launched new governance mechanisms to ensure accountability. Our second annual Responsible Al Transparency Report highlighted our work to build and deploy Al responsibly. This includes developing new Al tools and resources to help our customers innovate within evolving regulatory requirements.

Our goal is for people to feel confident and empowered when they use our tools, and privacy is a foundational principle in our product design. For example, Microsoft Copilot gives users clear options for managing their data for training, personalization and advertising so they can make informed decisions. Commercial and public sector customers around the world rely on our <u>Trust Center</u> to understand privacy and data protection practices.

Every day, Microsoft processes over 100 trillion security signals, tracking everything from emerging threats to adversary behaviors and attack techniques—flagging 38 million identity risks in an average day, as identity becomes a primary attack vector. With insights from a global network of more than 15,000 cybersecurity partners, we offer a unique view of the threat landscape and help shape best-in-class defenses for people, organizations, and communities worldwide.

In the face of these increasingly sophisticated cyber threats, Microsoft's Secure Future Initiative (SFI) is our multi-year effort to revolutionize how we design, build, test, and operate our products and services to achieve the highest security standards. Released in April 2025, the third edition of our public progress report continued our tradition of transparency, clearly articulating improvements to Microsoft's internal security posture and sharing innovations that help better protect customers by design and by default.

Another key component of earning trust is protecting those who use our services from illegal and harmful content and conduct, and contributing to a safer online ecosystem. We continue to take new steps to advance safety, especially for children, while balancing our commitments to free expression and privacy. Over the last year, we've focused on addressing risks related to abusive Al-generated content and partnered with StopNCII.org to detect victim-reported imagery in Bing.

Our technology can drive shared progress and strengthen society

Our solutions, partnerships, programs, and people are creating collective impact. More than 5 million people have participated in our Al Skilling programs focused on accessibility. We launched new technology to help people with disabilities play, work, and live—through an Adaptive Joystick for Xbox, sign language detection in Teams, low-vision keyboards for Surface, and Al-powered visual descriptions in Windows. When accessibility is a priority, everyone benefits.

Our employees also continue to find ways to bring their purpose and passion to the causes and communities they care deeply about. This year, they volunteered over 1.2 million hours and gave \$263 million (including company match) to 37,000 nonprofit organizations in 110 countries.

Our Pro Bono program, which works to close the gap in legal services and to empower our employees and community partners to create solutions that support justice for all, provided access to legal knowledge, resources, and services to more than 15 organizations and hundreds of individuals last year.

This year, our employees:

 $1.2M \\ \text{hours with} \\ \text{nonprofits}$

 $\begin{array}{c} \text{Funded} \\ 37K \\ \text{nonprofits in} \\ \text{110 countries} \end{array}$

\$263M (including company match)

Helped
15+
organizations through
our Pro Bono Program



Our <u>Al for Good Lab</u> is driving positive change by utilizing Al analysis and satellite imagery to support disaster recovery efforts, developing solar-powered Al devices that provide conservationists with real-time data in regions like the Amazon, and mapping cultural treasures, including St. Peter's Basilica, to facilitate restoration efforts and enhance accessibility to historical sites for everyone. When we leverage Al research, we can have outsized impact on scaling solutions to some of our world's most pressing challenges.

Just consider our work on climate. We are at the midpoint in our journey to become a carbon negative, water positive, zero waste company and to protect more land than we use. We are on track to meet many of our targets and continue to accelerate progress for others.

Our renewable energy procurement increased from 1.8 GW in 2020 to 34 GW in 2024, and we contracted nearly 30 million metric tons of carbon removal—playing a pivotal role in scaling these markets. We provided more than 1.5 million people with clean water and sanitation, and plan to replenish more than 100 million cubic meters of water around the world. We are getting closer to zero waste through new Circular Centers that contribute to reusing and recycling 90.9% of servers and components decommissioned from our datacenters. We also surpassed our target diversion of 85.3% of construction waste six years early and reached 94.8% in product packaging recyclability.

Through our <u>Climate Innovation Fund</u>, we invested over \$793 million since 2020 in breakthrough technologies that are catalyzing markets for carbon removal, renewable energy, and circular materials. We also advanced the use and development of <u>sustainable materials</u> like <u>cross-laminated timber</u>, green steel, and <u>low-carbon concrete</u>.

We are learning how to make AI more <u>sustainable</u> <u>by design</u> and improve <u>AI-powered solutions</u>.

Platforms like the Planetary Computer and our AI for Good Lab are helping to monitor, protect, and restore ecosystems. AI is being used to reduce water loss in cities, strengthen global early warning systems, optimize energy grids and permitting, and streamline corporate disclosures.

We remain dedicated to our sustainability commitments and to innovating solutions to accelerate global progress.

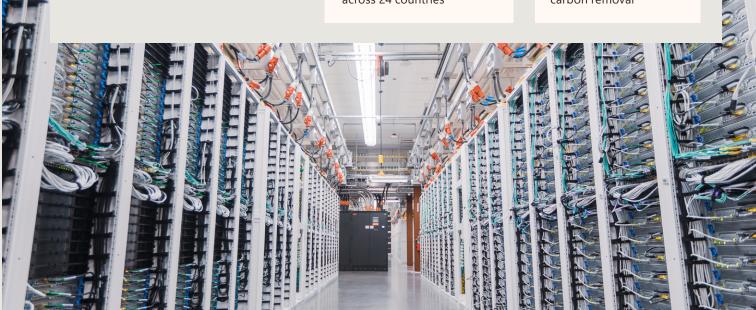
In five years, we've made meaningful progress:

Procured

34 GW
of carbon-free electricity
across 24 countries

Signed contracts for 29.8 M

metric tons of carbon removal



Reporting our progress



Empowering every person and every organization to achieve more requires careful attention to the impact of our business practices, policies, and community investments.

Our Reports Hub provides a single source for key reports and resources detailing our progress on meeting our responsibilities and commitments.



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