

Microsoft Compliance Report Pursuant To Article 11 Of Regulation (EU) 2022/1925 (Digital Markets Act) For The Windows PC Operating System And LinkedIn Online Social Networking Service

DMA.100160 – Microsoft; DMA.100026 – Microsoft – Operating Systems; DMA.100017 – Microsoft - Online Social Networking Services

1. Pursuant to Article 11 of Regulation (EU) 2022/1925 on contestable and fair markets in the digital sector – Digital Markets Act (“DMA”), Microsoft provides this Compliance Report describing the measures it has implemented to ensure effective compliance of its core platform services (“CPSs”) with the obligations laid down in Articles 5 to 7 of the DMA in connection with its Windows PC operating system (the “Windows CPS”) and online social networking service LinkedIn (the “LinkedIn CPS”), for which Microsoft has been designated as a gatekeeper by the Commission.¹

SECTION 1

Information about the reporting undertaking

- 1.1 Please provide the name of the undertaking submitting the Compliance Report (the “Undertaking”).**
2. Microsoft Corporation.
- 1.2 Please provide the following information regarding the drafting of the Compliance Report:**
 - 1.2.1 identify the individuals responsible for drafting the Compliance Report or parts thereof, specifying the role they hold within the Undertaking;**

Table 1. Individuals Responsible For Drafting Parts Of Microsoft Compliance Report

Name	Role Within Microsoft
Christopher Nelson	<ul style="list-style-type: none"> • Head of DMA Compliance Function • Associate General Counsel, Compliance & Ethics organization (“C&E”), Corporate, External and Legal Affairs (“CELA”)
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]

¹ Commission Decision of 5 September 2023 designating Microsoft as a gatekeeper pursuant to Article 3 of Regulation (EU) 2022/1925 of the European Parliament and of the Council on contestable and fair markets in the digital sector, DMA.100017 Microsoft – online social networking services, DMA.100023 Microsoft – number-independent interpersonal communications services, DMA.100026 Microsoft – operating systems (“Designation Decision”), ¶¶44 and 157.

Name	Role Within Microsoft
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]

Source: Microsoft

- 1.2.2 provide contact details² of all external legal or economic counsel or external technical experts (together, “external counsel”) involved in drafting the Compliance Report and whether they present guarantees in terms of independence, qualifications and absence of conflicts of interests, similar to the approval requirements for monitoring trustees under EU merger control.³ Provide also the original written Power of Attorney for such representative(s) (based on the model Power of Attorney available on the Commission’s website⁴).**
3. Microsoft provides below a chart of the lead external counsel who advised Microsoft on, and were involved in the drafting of, this Compliance Report. Each counsel is independent, qualified, and absent of conflicts of interest.

Table 2. External Counsel Involved In Drafting Microsoft Compliance Report

Name	Firm, Role, Contact Information
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]

Source: Microsoft

4. Microsoft submitted the original written Power of Attorney for [CONFIDENTIAL] to the Commission on 24 January 2024. And Microsoft submitted the original written Power of Attorney for [CONFIDENTIAL] to the Commission on 10 October 2023.

SECTION 2

Information on compliance with the obligations laid down in Articles 5 to 7 of Regulation (EU) 2022/1925

Information in this Section should be provided in separate and standalone annexes for each core platform service for which the Undertaking has been designated as a gatekeeper pursuant to Article 3 of Regulation (EU) 2022/1925.

² Please use the “eRFI contact details template” on the DMA website: https://digital-markets-act.ec.europa.eu/about-dma/practical-information_en#templates.

³ In order to assess whether external counsels meet or not these characteristics, please refer to the conditions for approval of monitoring trustees under EU merger control as set out in paragraphs 123 to 127 to the Commission notice on remedies acceptable under Council Regulation (EC) No 139/2004 and under Commission Regulation (EC) No 802/2004 (2008/C 267/01). There is no obligation under Regulation (EU) 2022/1925 that compliance should be monitored by external consultants meeting these conditions.

⁴ Accessible here: https://digital-markets-act.ec.europa.eu/legislation_en.

5. Microsoft provides the information requested in this section in **Annex 1** for the Windows CPS and **Annex 2** for the LinkedIn CPS.

SECTION 3

Information about the compliance function and monitoring

3.1 With respect to the compliance function provided for under Article 28 of Regulation (EU) 2022/1925, please provide the following information:

3.1.1 a description of the role of the head of the compliance function in the preparation, drafting and approval of the Compliance Report;

6. With respect to this Compliance Report, Microsoft's Head of the DMA Compliance Function, Christopher Nelson, has been responsible for:

- Creating a plan to assess and oversee Microsoft's compliance with the DMA, as outlined in this Compliance Report;
- Coordinating the preparation of the Compliance Report;
- Reporting to the Management Body regarding the status of the Compliance Report; and
- Approving and signing the final version of the Compliance Report.

3.1.2 a description of the compliance function (including the composition, allocation of tasks, position within the Undertaking, reporting lines, activities in particular with respect to the elaboration and monitoring of the measures described in Section 2.1.2 and how the compliance function's role is explained in the Undertaking's annual report);

7. Microsoft provides below a description its DMA Compliance Function, including its composition (**Section A**), reporting lines (**Section B**), allocation of tasks (**Section C**), activities in particular regarding the elaboration and monitoring of the measures described in **Section 2.1.2** of **Annex 1** and **Annex 2 (Section D)**, and how the DMA Compliance Function's role is explained in Microsoft's annual report (**Section E**).

A. DMA Compliance Function Composition

8. Microsoft's DMA Compliance Function is composed of the following members:

Table 3. Microsoft DMA Compliance Function Composition

Name	Position Within Microsoft
Christopher Nelson	<ul style="list-style-type: none"> • Head of DMA Compliance Function • Associate General Counsel, C&E, CELA
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]

Source: Microsoft

B. Reporting Lines

9. The organization chart below shows the reporting lines for the members of Microsoft's DMA Compliance Function, for both human resources and operational purposes. The organization chart also identifies the members of Microsoft's DMA Management Body.

Figure 1. Microsoft DMA Compliance Function Reporting Lines

[CONFIDENTIAL]

*Source: Microsoft***C. Allocation Of Tasks**

10. **Head of the DMA Compliance Function.** The Head of Microsoft's DMA Compliance Function is responsible for:

- Monitoring and overseeing measures and activities to ensure Microsoft's compliance with the DMA;
- Informing and advising the Management Body on its obligations under Article 28 of the DMA;
- Assessing and reporting on risks of non-compliance to the Management Body;
- Facilitating Management Body meetings and ensuring that Microsoft can make required disclosures relating to those meetings;
- Managing Microsoft's internal and external feedback-handling mechanisms (including any public-facing websites) relating to DMA compliance;
- Overseeing the vetting of feedback and concerns relating to DMA compliance, and reporting outcomes to the Management Body;
- Monitoring compliance with any commitments made binding pursuant to Article 25 of the DMA; and
- Cooperating with the Commission in relation to Microsoft's compliance with the DMA, including by serving as the primary point of contact for the Commission and other relevant authorities and courts in relation to DMA compliance matters.

11. **Compliance Officers.** The Compliance Officers assist the Head of the DMA Compliance Function in carrying out his responsibilities. Their tasks include, among others, the following:

- Collaboration with Windows and LinkedIn technical and legal teams necessary to execute the DMA Compliance Function's responsibilities;
- Supervision of external legal counsel and external auditors;
- Organization, preparation, and delivery of DMA compliance training;
- Identification, creation, and revision of internal policies relating to compliance

with the DMA;

- Establishment and operation of internal and external DMA-related feedback-handling mechanisms;
- Vetting feedback and concerns related to DMA compliance;
- Creation and operation of Microsoft’s DMA compliance monitoring framework to track the company’s DMA obligations and oversee DMA-related processes and controls;
- Preparation of meeting agendas for the DMA Management Body and support in creating documents presented in such meetings; and
- Delivery of regular reports to the Head of the DMA Compliance Function.

D. Activities On Elaboration And Monitoring Of Measures In Section 2.1.2

12. The DMA Compliance Function has collaborated with teams across Windows and LinkedIn to assess and oversee the measures taken to comply with Articles 5 to 7 of the DMA. In addition to the actions outlined in response to prior sections, the DMA Compliance Function has reviewed each of the changes made by the Windows and LinkedIn CPSs to comply with the DMA (as outlined in **Section 2.1.2** of **Annex 1** and **Annex 2**). The DMA Compliance Function participated in significant meetings between Microsoft and the Commission to review these changes. The DMA Compliance Function has also met with accountable executives, Directly Responsible Individuals (“DRIs”) (*see* further below), and other stakeholders to understand and review the implementation of each measure outlined in **Section 2.1.2** of **Annex 1** and **Annex 2**. The DMA Compliance Function will continue to monitor the effectiveness of the steps Microsoft has taken to comply with the DMA after the compliance deadline of 7 March 2024.

E. DMA Compliance Function Explanation In Microsoft Annual Report

13. Microsoft’s next annual report will be published in October 2024. Microsoft has not yet drafted an explanation of the DMA Compliance Function’s role in that annual report, but expects that the DMA Compliance Function will be explained in terms consistent with Microsoft’s prior DMA-related disclosures in its annual reports.

3.1.3 contact details of the head of the compliance function, including name, address, telephone number and e-mail address and an explanation of how it is ensured that this person is an independent senior manager with distinct responsibility for the compliance function as required by Article 28(3) of Regulation (EU) 2022/1925;

Contact details of the Head of the DMA Compliance Function

Christopher Nelson, Associate General Counsel
Microsoft Corporation
One Redmond Way
Redmond, WA 98052

United States of America
Tel: +1 425-882-8080
Email: [CONFIDENTIAL]

14. Microsoft explains below how it ensures that the Head of the DMA Compliance Function is an independent senior manager with distinct responsibility for the DMA Compliance Function as required by Article 28(3) of the DMA.
15. Microsoft took several steps to ensure that the Head of the DMA Compliance Function is an independent manager with distinct responsibility for the DMA Compliance Function, and possesses the skills and abilities necessary to meet the requirements of Article 28.
16. [CONFIDENTIAL]
17. [CONFIDENTIAL]
18. Further, the Management Body approved, and the Chair of the Management Body and Mr. Nelson signed, a Mission Letter that established the independence of, identified the protections being afforded to, and set expectations for Mr. Nelson in his role as the Head of the DMA Compliance Function. Notably, the Mission Letter stated that:
 - Mr. Nelson has and will maintain unrestricted access, and will report directly, to the Management Body;
 - Mr. Nelson will periodically report to the Management Body about the activities of the DMA Compliance Function and DMA implementation risks;
 - Mr. Nelson will advise the Management Body about risks of non-compliance with the DMA in a timely manner;
 - While Mr. Nelson will maintain his current human resources reporting line to the Vice President & Deputy General Counsel, C&E, he will report directly to the Management Body for the purposes of leading the DMA Compliance Function; and
 - Mr. Nelson will not be removed from his role as Head of the DMA Compliance Function without Management Body approval, nor will he be subjected to retaliation in connection with his duties as the Head of the DMA Compliance Function.
19. Finally, the Management Body passed another resolution during its 24 October 2023 meeting, to vest and empower the DMA Compliance Function with all obligations and responsibilities identified in the DMA, including:
 - Monitoring and supervising measures and activities to ensure Microsoft's compliance with the DMA;
 - Providing information and guidance to the Management Body regarding compliance with the DMA;

- Identifying potential risks associated with DMA implementation and execution;
- Vetting third-party feedback relating to DMA compliance and reporting outcomes to the Management Body; and
- Cooperating with the Commission concerning Microsoft’s compliance with the DMA, including reporting on measures taken to fulfil obligations under Articles 5, 6, and 7 of the DMA, and overseeing the preparation and filing of Microsoft’s annual DMA Compliance Report.

3.1.4 a list of any compliance officers other than the head of the compliance function, including an explanation of how it is ensured that they have the professional qualifications, knowledge, experience and ability necessary to fulfil the tasks referred to in Article 28(5) of Regulation (EU) 2022/1925; and

20. [CONFIDENTIAL]

21. [CONFIDENTIAL]

22. [CONFIDENTIAL]

3.1.5 an explanation why the Undertaking considers that the compliance function is independent from the operational functions of the Undertaking and why the Undertaking deems it to have sufficient authority, stature and resources (e.g., budget, staff, etc.), as well as access to the management body of the Undertaking to monitor the compliance of the Undertaking with Regulation (EU) 2022/1925.

23. Microsoft describes below why the DMA Compliance Function is independent from Microsoft’s operational functions (**Section A**) and that the DMA Compliance Function has sufficient authority, stature, and resources as well as access to the Microsoft Management Body to monitor Microsoft’s DMA compliance (**Section B**).

A. DMA Compliance Function’s Independence From Operational Functions

24. To comply with its obligations under Article 28 of the DMA, the DMA Compliance Function has been established within Microsoft’s C&E organization, which is part of the Microsoft CELA group.

25. CELA is independent of Microsoft’s business and operational functions, and the C&E organization is independent of the groups within CELA. C&E’s functions include: (i) reporting on enterprise risk to company leadership and the Board of Directors; (ii) managing Microsoft’s whistleblower systems, including compliance with the EU Whistleblower Protection Directive; and (iii) enforcement of corporate policies, including but not limited to business misconduct, anticorruption, bribery, conflicts of interest, and workplace concerns. C&E is also responsible for providing compliance guidance on corporate controls, delivering corporate-wide compliance training, and detecting and mitigating emerging compliance risks. These responsibilities necessitate an operating model for C&E that is consistent with the independence requirements set forth in Article 28 of the DMA.

B. DMA Compliance Function's Authority, Stature, Resources, and Access To The Management Body

26. Microsoft has ensured that its DMA Compliance Function has sufficient authority, stature, and resources, as well as access to Microsoft's Management Body, to carry out its required functions. As set forth above, Microsoft's Compliance Officers are well qualified for their roles. Microsoft has established an independent budget for its DMA Compliance Function to ensure adequate resourcing, and the DMA Compliance Function has direct access to the Management Body.
27. On 24 October 2023, the Management Body unanimously adopted resolutions to:
- Ensure periodic review of the budget of, and resources allocated to, the DMA Compliance Function against its needs and responsibilities;
 - Confirm unrestricted access by the DMA Compliance Function to the Management Body;
 - Ensure that the Head of the DMA Compliance Function cannot be removed or subjected to adverse employment action without unanimous approval by the Management Body;
 - Adopt necessary measures, including those proposed by the Head of the DMA Compliance Function, to ensure that the DMA Compliance Function can carry out its functions under Article 28 of the DMA, including a mandate that the DMA Compliance Function has full access to the teams implementing the measures necessary for Microsoft to comply with the DMA, and any related monitoring and internal reporting systems, and other necessary infrastructure;
 - Reinforce Management Body awareness of the obligations set forth in Articles 28(5), 28(7), (8), and (9) of the DMA; and
 - Ratify the Mission Letter, a document describing the role and function of the Head of the DMA Compliance Function.
28. Microsoft selected the members of its Management Body to ensure that they can fulfil the above-mentioned requirements. The Management Body spans executive leadership of Microsoft's designated CPSs, and includes the Vice Chair and President of Microsoft, and a senior executive in Microsoft's Finance organization with access and control over company resources. The Management Body meets with the DMA Compliance Function regularly and approves and reviews periodically the strategies and policies for taking up, managing, and monitoring compliance with the DMA, as required by Article 28(8) of the DMA.
29. On 2 February 2024, the Management Body adopted resolutions to authorize and develop the creation of policies and strategies to ensure:
- The establishment of the Compliance Function;
 - The identification of the DRIs for each obligation relating to each CPS;

- The creation of compliance reporting and feedback mechanisms;
- The review, amendment, and creation of terms and conditions in agreements related to each CPS;
- The modifications to the Windows CPS and to the LinkedIn CPS to ensure compliance with the DMA obligations by the compliance deadline;
- The development of DMA-related training for Microsoft personnel; and
- The requirement that the Compliance Function and DRIs work with teams to develop process and procedures to ensure that modifications and other changes to each CPS is completed as required for ongoing compliance with the DMA.

3.2 With respect to the strategies and policies for taking up, managing and monitoring the compliance with Regulation (EU) 2022/1925 as provided for under Article 28(8) of Regulation (EU) 2022/1925, please provide the following information:

3.2.1 a description of the content of these strategies and policies (including, e.g., information on internal staff trainings on compliance) and of any major changes compared to the previous periodic review by the Undertaking's management body; and

30. As authorized by the Management Body, Microsoft's DMA Compliance Function, and the relevant engineering and business teams, have implemented monitoring and supervising measures and activities to ensure Microsoft's compliance with the DMA. Microsoft has identified and appointed DRIs for each obligation at each CPS. The DRIs are required to oversee the product and engineering changes necessary to comply with the DMA, and also ensure that each CPS remains compliant with the DMA over time. The DMA Compliance Function meets regularly with the DRIs to oversee their work, and they both work together with engineering and other teams to develop processes and procedures to ensure that each CPS is compliant with the DMA. The DRIs will be required to attest to their monitoring and assessment activities, and these attestations will be maintained and evaluated by the DMA Compliance Function.
31. Microsoft has also created a DMA Compliance website – <https://www.microsoft.com/en-us/legal/compliance/dmacompliance> – with information about its DMA compliance program, which includes a link to the public version of Microsoft's compliance report as well as an escalation point to receive feedback from third parties. This mechanism will allow Microsoft to gather and assess feedback relating to the effectiveness and completeness of its compliance efforts.
32. Training is also an important part of Microsoft's DMA compliance strategy. Microsoft has developed DMA-related training for employees working on each CPS, including specific and tailored training programs targeting two critical groups: (i) DRIs; and (ii) certain employees with customer-facing roles. All training programs provide an overview of the DMA, including the role of the DMA Compliance Function, and explain the responsibilities of the audience relative to Microsoft's obligations under the DMA. The training for DRIs contains additional detail with respect to Microsoft's obligations, while the training for employees with customer-facing roles includes

guidance on how to handle DMA-related feedback, including the proper escalation path to ensure that any such feedback is routed to the DMA Compliance Function for vetting.

3.2.2 copies of all related internal documents approved by the Undertaking's management body in their most recent periodical review and the date, list of participants and any agenda or minutes for the meeting during which these internal documents have been approved.

33. **Management Body meeting of 24 October 2023.** Documents approved by Microsoft's Management Body during the 24 October 2023 meeting are provided respectively as **Annex 3** [CONFIDENTIAL], **Annexes 4.1 and 4.2** [CONFIDENTIAL], and **Annex 5** [CONFIDENTIAL] to this Compliance Report. These documents are the following:
- PowerPoint Presentation;
 - Resolutions and their Schedules mentioned in **Section 3.1.5**; and
 - The Mission Letter mentioned in **Section 3.1.2**.
34. The minutes of the Management Body meeting, which include a list of participants, are provided as **Annex 6** [CONFIDENTIAL] to this Compliance Report.
35. **Management Body meeting of 2 February 2024.** Documents approved by Microsoft's Management Body during the 2 February 2024 meeting are provided respectively as **Annex 7** [CONFIDENTIAL] and **Annex 8** [CONFIDENTIAL]. These documents are the following:
- PowerPoint Presentation; and
 - Resolutions mentioned in **Section 3.1.5**.

SECTION 4

Non-confidential summary

- 4.1 Provide a detailed, clear and comprehensive non-confidential summary of Sections 1 to 3 of the Compliance Report in line with the requirements in Article 11(2) and recital (68) of Regulation (EU) 2022/1925. The non-confidential summary must enable third parties to provide meaningful input to the Commission on the Undertaking's compliance with its obligations under Regulation (EU) 2022/1925. To this end, the non-confidential summary should:**
- a) comprise self-standing texts that give a faithful comprehensive and meaningful picture of the Compliance Report's content. Information may be omitted in the non-confidential summary only if it constitutes the Undertaking's business secrets or if the information is otherwise confidential.⁵**
 - b) follow the same structure as the Compliance Report, all headings should be visible, and all sections and sub-sections should be covered.**
 - c) specifically for Section 2 of the present template, the non- confidential summary should be provided in separate and standalone annexes for each core platform service for which the Undertaking has been designated as a gatekeeper pursuant to Article 3 of Regulation (EU) 2022/1925.**
 - d) For confidential underlying numerical data, please include meaningful ranges, baseline level for indicators measured in absolute terms and/or aggregated data rather than redacting entirely.**

The Commission intends to publish the non-confidential summaries on its website for the Digital Markets Act (https://digital-markets-act.ec.europa.eu/index_en).

36. Microsoft provides a non-confidential summary of its Compliance Report in **Annex 9**, as well as of **Annexes 1** and **2** to the Compliance Report, respectively in **Annex 10** and **Annex 11**.

⁵ On the type of information which may be considered as 'business secrets and other confidential information' that the gatekeepers can take into account for the purpose of the 'clear and comprehensible non-confidential summary' that will be made 'publicly available' in line with recital (68) of Regulation (EU) 2022/1925, the gatekeepers can refer to the Commission's guidance in relation to antitrust and mergers procedures: https://ec.europa.eu/competition-policy/document/download/ea2cbf27-412c-4394-b872-dd4b4e3a840b_en; https://ec.europa.eu/competition-policy/system/files/2021-03/guidance_on_preparation_of_public_versions_mergers_26052015.pdf.

SECTION 5

Declaration

Microsoft, as a gatekeeper, declares that, to the best of its knowledge and belief, the information given in this submission is true, correct, and complete, that all estimates are identified as such and are its best estimates of the underlying facts, and that all the opinions expressed are sincere.

Name: Christopher Nelson

Organisation: Microsoft Corporation

Position: Associate General Counsel / Head of DMA Compliance Function

Address: One Redmond Way, Redmond, WA 98052, United States of America

Phone number: +1 425-882-8080

E-mail: [CONFIDENTIAL]

Date:

Signature:

DocuSigned by:

17744BBF8CC74EB...