

BUSINESS

# Microsoft Shareholders Force Company to Disclose Sexual Harassment Data



Microsoft will bring in a third party to do independent assessments of its sexual harassment investigations.

PHOTO: BLOOMBERG

By Aaron Tilley

An investor proposal to [Microsoft Corp. MSFT +1.58%](#) demanding greater disclosure on its handling of sexual harassment at the company was approved at the annual shareholders' meeting on Tuesday.

The proposal requested an annual report that summarized the number of sexual harassment cases investigated and their resolution, as well as results of any independent investigation into Microsoft's executives, including co-founder Bill Gates.

A Wall Street Journal report, citing people familiar with the matter, earlier this year said [Microsoft board members pursued an investigation](#) into the billionaire's prior romantic relationship with a female. Mr. Gates stepped down from the board last year.

Microsoft had recommended shareholders vote against the proposal. Ahead of the vote, it said it would begin to disclose its implementation of sexual harassment and gender discrimination policies annually, but the company didn't agree to disclose independent investigations into executives.

The vote against the company's recommendation was a rare win for activist shareholders. Microsoft has usually enjoyed strong support from its investors alongside its strong stock market performance since Satya Nadella was appointed CEO in 2014. The company's stock has jumped nearly 800% since Mr. Nadella took over.

“We really value this dialogue with our shareholders,” Mr. Nadella said during a questions-and-answers portion of the meeting following the vote. “We really appreciate your push, your feedback to us and we always seek to listen, learn and act.”

Microsoft President Brad Smith said the issue of sexual harassment is of enormous importance to the company.

He said that Microsoft will bring in a third party to do independent assessments of its investigations and that the company will share what that independent report says.

As an example of the kind of information Microsoft will now be disclosing, Mr. Smith said the company had 51 complaints from employees in the financial year ending in June, with 47% of the complaints substantiated. This was down from 142 complaints a year before, he said.

The Journal report earlier this year “put into question whether Microsoft was maintaining and protecting a culture of sexual harassment, especially seeing how Bill Gates was protected around this issue by the board,” said **Natasha Lamb**, a portfolio manager at the firm that submitted the proposal, **Arjuna Capital**.

In the Journal article, a spokeswoman for Mr. Gates pointed out that the affair had ended amicably close to 20 years earlier and that his decision to leave the board wasn’t related to any investigation.

**Ms. Lamb** said Tuesday’s win represents how shareholders are becoming more engaged on matters of workplace culture. Large institutional investors had been in touch with **Ms. Lamb** over her proposals. Proxy advisory firms Glass, Lewis & Co. and Institutional Shareholder Services Inc., which makes recommendations on shareholder proposals, also suggested that shareholders vote for the proposal ahead of the vote.

READ THE ARTICLE HERE:

[https://www.wsj.com/articles/microsoft-shareholders-force-company-to-disclose-sexual-harassment-data-11638309907?st=tlagsmqgtifmm3w&reflink=article\\_email\\_share](https://www.wsj.com/articles/microsoft-shareholders-force-company-to-disclose-sexual-harassment-data-11638309907?st=tlagsmqgtifmm3w&reflink=article_email_share)