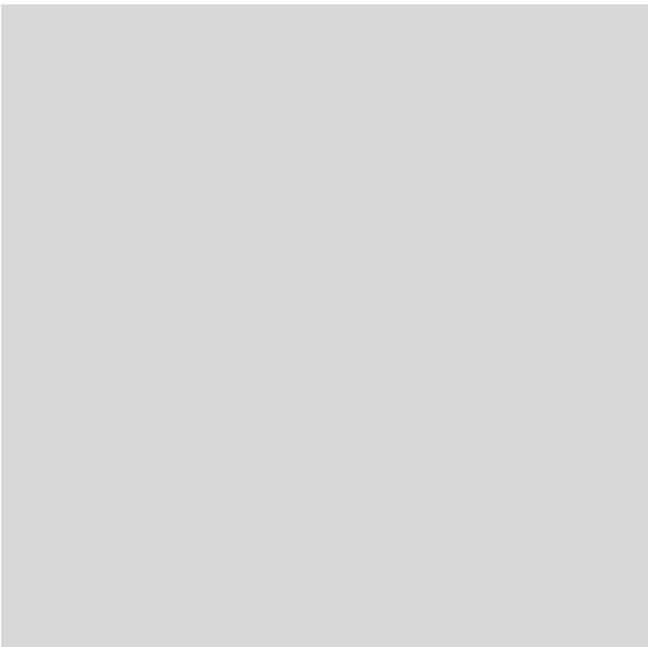
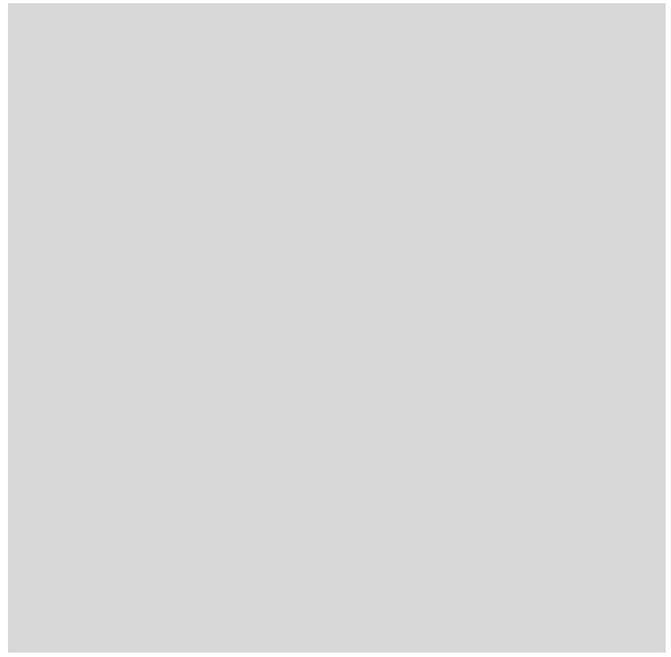




Vendor Code of Conduct



*Great Vendors with
Great Values*

Welcome

Welcome

This course provides vendors important information about the Microsoft Vendor Code of Conduct.

A number of topics from the Code are covered. Each topic begins with an explanation, followed by scenarios and questions. At the conclusion of the topics are key learning points.

This course is about 30 minutes long.

The Code, Vendors, and this Course

In this training, the Vendor Code of Conduct is referred to as "the Code." Vendors and their employees are collectively referred to as "Vendors." And this training is referred to as "the Course."

Navigating this Course

Use the arrows in the black bar above to move through the screens in this course.

Welcome, Continued

Microsoft expects Vendors to act ethically and with integrity. This commitment to integrity is expressed in the Vendor Code of Conduct.

Doing Business with Microsoft

In order to do business with Microsoft, Vendors are required to embrace ethical business practices and conduct business in compliance with all regulations, laws, and applicable vendor contracts and policies.

Vendors demonstrate this commitment by complying with the Code and training their employees on the Code.

Introduction

Executive Welcome – Peter Klein

Hello. I'm Peter Klein, Chief Financial Officer at Microsoft.

This is an important time for Microsoft and for our community of Vendors. We have great opportunities ahead, and we are relying on great vendors to help us succeed. To be successful, we must continue to earn and maintain the trust of our customers, partners, and governments. We build trust everyday by living our values and by acting with honesty and integrity.

As an important part of the Microsoft team, vendors must live by high standards of ethics and integrity. That's why we've developed this course on the Microsoft Vendor Code of Conduct, which describes what you need to know in order to comply with the Code and adhere to our culture of ethical conduct.

Unethical and untrustworthy companies do not succeed. A momentary lapse in judgment by a single Microsoft vendor has the potential to erode the value and the trust we bring to customers.

Help us seize our opportunities by doing the right things in the right way.

Thanks for your commitment to our business and for your close attention to this course.

The Vendor Code of Conduct

The Code describes Microsoft's standards for ethical business practices and regulatory compliance.

This Course contains scenarios, questions, and key learning points about various parts of the Code, but not all parts of the Code. Therefore, please fully review each section of the Code, including:

- Compliance with the Vendor Code of Conduct
- Legal and Regulatory Compliance Practices
- Business Practices and Ethics
- Labor Practices and Human Rights
- Health and Safety
- Environmental Regulations and Protection
- Protection of Assets and Intellectual Property
- Reporting Questionable Behavior

Vendors may download the Code here:

<http://www.microsoft.com/about/companyinformation/procurement/process/en/us/vendorcoc.aspx>

Compliance with the Vendor Code of Conduct

Inform Microsoft

Vendors must promptly inform their Microsoft contact (or a member of Microsoft management) when any situation develops that causes the Vendor to operate in violation of the Code. Use the reporting resources provided in the Code and described at the end of this Course.

Self-Monitor

Vendors are expected to self-monitor and demonstrate their compliance with the Code.

Removal

Microsoft may require the immediate removal of any Vendor representative(s) or personnel who behave in a manner that is unlawful or inconsistent with this Code or any Microsoft policy.

Section: Legal and Regulatory Compliance Practices

Section Introduction

Vendors must conduct their business activities in full compliance with applicable laws and regulations while conducting business with or on behalf of Microsoft.

Important areas of compliance described in this section of the Code include:

- Trade
- Antitrust
- Boycotts
- Anti-Corruption

In this section, we will focus on the Code's prohibition of corruption, but please be sure to familiarize yourself with the Code's content on Trade, Antitrust, and Boycotts.

Topic: Anti-Corruption

Topic Introduction: Anti-Corruption

Vendors are prohibited from promising, offering, or paying a bribe to anyone.

What does this mean?

- Vendors may not participate in bribes or kickbacks of any kind.
- This prohibition applies to dealings with both government officials, and individuals in the private sector.

What is a bribe?

- A bribe is any payment or offer of anything of value to an individual for the purpose of obtaining an improper benefit.
- This means that anything of value—such as cash, gifts, travel, loans, charitable donations, or job opportunities—may constitute a bribe under certain circumstances.

No Vendor will suffer adverse consequences for refusing to pay or take a bribe, even if this results in the loss of business to Microsoft.

Scenario: "A Suspicious Request"

In this scenario, Microsoft has hired a Vendor to secure a permit from a government agency. A Vendor employee named Lia is dealing with an employee of the government agency named Mr. Smith, who is in charge of issuing the permits.

Lia, Vendor Employee: Thank you, Mr. Smith, for taking the time to discuss this request with me personally. I have not had any success getting this permit approved through the usual process.

Mr. Smith, Government Employee: Sometimes, it can be difficult to get a permit approved, because we are under-staffed and have a lot of work to do. How can I help you?

Lia, Vendor Employee: I filed Microsoft's application for a permit six months ago, but there has been no action. What can I do to get the permit approved?

Mr. Smith, Government Employee: I suggest you pay me for my time to look into this matter. The next time you are in the office, come and see me. I will make sure the permit is approved.

Question

What should the vendor employee do?

Select all that apply.

- A. Give the government employee cash to obtain the permit. The permit is important to Microsoft, so the vendor employee should do what is necessary.
- B. Report the official's request to the Vendor manager and seek guidance.
- C. Report the request to Microsoft and seek guidance, using the reporting resources described in the Code.

Answer

The correct answer is both B and C, for these reasons:

- The request for an extra payment is suspicious and might be a request for a bribe.
- Vendors must not pay anything of value to improperly influence any act or decision of any government employee.

The Vendor employee should not make any offers, promises, or payments to the government employee.

The Vendor employee should report the request both to the Vendor and to Microsoft and seek guidance on what to do next.

Key Learning Points

- Microsoft prohibits corruption of government officials and the payments of bribes or kickbacks of any kind, whether in dealings with public officials or individuals in the private sector.
- Never promise, offer, or pay a bribe, directly or indirectly, in any form. Do not further Microsoft's business interests in any improper or unlawful manner.
- Microsoft's prohibition against bribes and kickbacks includes offering, promising, or paying anything of value (such as cash, gifts, travel, hospitality, loans, donations, job opportunities, or other benefits) for any improper purpose.
- Be alert and identify suspicious requests that may signify a heightened risk of corruption.
- Report suspicious requests or activity both to the Vendor and to Microsoft and seek guidance on what to do next.
- Use the reporting resources provided in the Code and described at the end of this course.

Resources

What the Code says about anti-corruption:

From the Vendor Code of Conduct

Vendors must not participate in bribes or kickbacks of any kind, whether in dealings with public officials or individuals in the private sector. Microsoft is committed to observing the standards of conduct set forth in the U.S. Foreign Corrupt Practices Act ("FCPA") and the anti-corruption and anti-money laundering laws of the countries in which Microsoft operates. Vendors must comply with all applicable anti-corruption and anti-money laundering laws, including the FCPA, as well as laws governing lobbying, gifts and payments to public officials, political campaign contribution laws, and other related regulations. Vendors must not, directly or indirectly, offer or pay anything of value (including travel, gifts, hospitality expenses, and charitable donations) to any official or employee of any government, government agency, political party, public international organization, or any candidate for political office to (i) improperly influence any act or decision of the official, employee, or candidate for the purpose of promoting the business interests of Microsoft in any respect, or (ii) otherwise improperly promote the business interests of Microsoft in any respect. As representatives of Microsoft, Vendors must comply in all respects with Microsoft's Anti-Corruption Policy for Representatives, located at:

<http://www.microsoft.com/about/corporatecitizenship/en-us/working-responsibly/integrity-governance/>

Section: Business Practices and Ethics

Section Introduction

Vendors must conduct their business interactions and activities with integrity.

Important areas of compliance described in this section of the Code include:

- Business Records
- Speaking to the Press
- Gift Giving
- Conflicts of Interest
- Insider Trading

Let's learn more about business records, gifts, and conflicts of interest.

Topic: Business Records

Topic Introduction: Business Records

Vendors must honestly and accurately record and report business information in contracts, purchase orders, invoices, and any other records.

Vendors play an important role in ensuring that business information is accurate, complete, and transparent.

Actions that Vendors can take to ensure compliance with these requirements include:

- Make sure all contract documents are complete and signed before beginning work on a project.
- Accurately document project changes in an amended Statement of Work ("SOW"), Purchase Order ("PO"), or Change Order.
- Invoice Microsoft only for work actually completed that meets the requirements of the contract documents.
- Return any mistaken payments or overpayments from Microsoft immediately.
- Seek clarification of changed deliverables and refuse any request that might violate the Code.

Scenario: "Lack of Transparency"

In this scenario, a Vendor employee named June is launching a marketing event for Microsoft customers. Her Microsoft contact is Marcus, a marketing manager.

June, Vendor Employee: Marcus, we are ready for the customer conference. The presentations have been finalized, and we have a nice welcome package for each customer.

Marcus, Microsoft employee: Thanks. Listen, there are some customers attending who are considering important deals. I want you to help close these deals.

June: Okay! What should I do?

Marcus: Microsoft hired you for your marketing expertise. Just do whatever it takes to show the customers why they should purchase Microsoft products.

[Two weeks have gone by, and the event is over].

Marcus: June, I am in trouble with my manager at Microsoft! He told me that you paid for customers to go on a ski trip after the conference. Then you invoiced Microsoft for "design services" to hide the trip expenses!

June: But you told me to do whatever it takes! A customer suggested the trip. The Statement of Work did not cover this, so I put the trip expenses under design services.

Question

Did the Vendor employee violate the Code?

Select the correct answer.

- A. Yes. The invoice from the vendor employee was inaccurate and deceptive.
- B. No. Vendors are expected to comply with the instructions of a Microsoft employee.

Answer

A is the correct answer. The Vendor employee made several mistakes:

- She did not describe the services truthfully in the invoice.
- She did not seek clarification from the Microsoft contact on the services required and did not revise the Statement of Work to include those services.
- She may have violated the policies of the customer and Microsoft by arranging a ski trip without advance approval.

Key Learning Points

- Always seek clarification from your Microsoft contact on the services required, document the changes appropriately, and make sure the request does not violate the Code.
- Never provide or facilitate services that might be improper, even if a Microsoft employee makes the request.
- Do not conceal or misrepresent services performed for Microsoft. Accurate and transparent documentation of all services is important.

Resources

What the Code says about business records:

From the Vendor Code of Conduct

Honestly and accurately record and report all business information and comply with all applicable laws regarding their completion and accuracy. Create, retain, and dispose of business records in full compliance with all applicable legal and regulatory requirements. Be honest, direct, and truthful in discussions with regulatory agency representatives and government officials.

Topic: Gifts, Travel, and Hospitality

Topic Introduction: Gifts, Travel, and Hospitality

Vendors should use caution before giving anything of value to a Microsoft employee. Microsoft prohibits any gift that is intended to or might appear to influence or obligate the recipient, or compromise the recipient's judgment.

What is a Gift?

A gift is anything of value offered to a Microsoft employee, such as:

- Travel and lodging;
- Hospitality (meals and entertainment);
- Excursions such as cruises, golfing, and spa visits;
- Prizes from raffles, sweepstakes, or contests;
- Tickets to events.

Are certain kinds of gifts always prohibited?

Yes—the following gifts are prohibited in all cases, regardless of amount or circumstance:

- Gifts of money or cash equivalents, such as gift certificates and gift cards.
- Gifts to any member of the Global Procurement Group (GPG) or its representatives.
- Gifts with an improper purpose.
- Gifts that violate the gift policies that apply to Microsoft employees.

Microsoft requires that Vendors exercise good judgment and understand policy limits when considering gifts to Microsoft employees. Even a well-intentioned gift might compromise the recipient's judgment, or otherwise create a conflict of interest.

Scenario: "Vendor Summit"

In this scenario, a Vendor employee named Richard wishes to invite a Microsoft employee named Chris to a vendor conference.

Chris, Microsoft employee: Hi, Richard. I understand your company is sponsoring the Global Vendor Summit in Florida.

Richard, Vendor employee: Yes, we are very excited about it. Hundreds of companies are attending.

Chris, Microsoft employee: Sounds interesting.

Richard, Vendor employee: The conference is a great opportunity for Microsoft to present its product roadmap. I hope you and your team can be my guests at the conference. We will have a lot of fun together.

Chris: Our budgets are limited this year. What's involved?

Richard: Don't worry. We will provide travel and lodging for your team. We offer a fishing trip and spa treatments as well.

Question

Should the Vendor employee make this offer?

Select the correct answer:

- A. Yes. The offer is clearly for a legitimate business purpose and mutually beneficial for both companies.
- B. No. The vendor should first determine if Microsoft employees may accept travel, lodging, and gifts from vendors.
- C. Yes. The offer is appropriate because the vendor is letting Microsoft choose which employees will attend.

Answer

The correct answer is B.

The Vendor should exercise due diligence to determine if the offer violates Microsoft policy. In fact, Microsoft's employee gift policy prohibits acceptance of travel and lodging from vendors in most cases.

In addition, the spa treatments and fishing trip do not appear to have a legitimate business purpose.

Key Learning Points

- Microsoft business unit and regional policies may prohibit employees from accepting Vendor gifts entirely or set maximum value limits.
- Review the Code and ask your Microsoft contact or the recipient what the limits are before offering anything.
- Never provide a gift of money or cash equivalent such as a gift card or gift certificate.
- Improper gift giving may result in the termination of a Vendor contract and/or disciplinary action for the Microsoft employee.

Resources

What the Code says about gifts:

From the Vendor Code of Conduct

Avoid gifts to Microsoft employees because even a well-intentioned gift might constitute a bribe under certain circumstances, or create conflicts of interest. Do not offer anything of value to obtain or retain a benefit or advantage for the giver, and do not offer anything that might appear to influence, compromise judgment, or obligate the Microsoft employee. If offering a gift, meal, or entertainment to Microsoft employees, always use good judgment, discretion, and moderation.

Any gift from a Vendor must be permissible under the policy of the Microsoft employee's business unit and country, because Microsoft business and regional policies may prohibit gifts entirely or set maximum gift value limits at varying amounts. Any gifts, meals, or entertainment must comply with applicable law, must not violate the giver's and/or recipient's policies on the matter, and must be consistent with local custom and practice. Vendors are not allowed to give gifts of any value to any member of the Global Procurement Group (GPG) or its representatives.

Topic: Conflicts of Interest

Topic Introduction: Conflicts of Interest

Vendors must avoid conflicts of interest as well as the appearance of conflicts when performing work for Microsoft or representing Microsoft.

What are examples of Vendor conflicts of interest?

- A conflict of interest arises when a Vendor attempts to influence a Microsoft decision of action that is not in the best interest of Microsoft.
- In the course of negotiating an agreement with Microsoft, Vendors may not negotiate directly with any of their family members who are employed by Microsoft.
- While performing work or providing services for Microsoft, Vendors may not deal directly with any of their family members who are employed by Microsoft.
- If a Microsoft employee (or the Microsoft employee's family member) holds a significant financial interest in a Vendor, then the Vendor may not deal directly with the Microsoft employee.

Scenario: "Dealing with a Spouse"

In this scenario, two employees of a Vendor are discussing how to respond to a Microsoft Request for Proposal ("RFP").

Susan: Bill, can you help me respond to Microsoft's RFP? We need to win this contract. It is very important to our company.

Bill: Yes, what can I do to help?

Susan: I believe your spouse is an employee of Microsoft?

Bill: Yes, she is. I think she might be working on this project, actually.

Susan: Great! I want you to find out all you can about the RFP from her, and get her feedback on our proposal. Your relationship can really help us win this contract.

Question

How should Bill respond to Susan's request?

Select the correct answer.

- A. Bill should talk to his spouse and try to find out as much information as he can about the project. This will help the Vendor make a strong proposal, which is in the best interests of Microsoft.
- B. It is improper to seek Microsoft's internal information about the RFP to gain an advantage. Bill should decline Susan's request. However, Bill may ask his spouse to recommend the Vendor to the Microsoft decision makers on the RFP.
- C. It is a conflict of interest for Bill to deal directly with his spouse on this project. Bill should not work on this project.

Answer

C is the correct answer.

It is a conflict of interest for a Vendor employee to deal directly with a family member employed by Microsoft. Susan should not have made the request of Bill.

Direct dealing with a spouse employed by Microsoft could result in an unfair advantage for the Vendor and harm the best interests of Microsoft.

B is partially correct. It is improper to seek Microsoft's internal information about the RFP to gain an advantage, and Bill should decline Susan's request. However, Bill should not ask his spouse to recommend the Vendor to the Microsoft decision makers.

Key Learning Points

- A Vendor employee who has a family member employed by Microsoft should take steps to ensure that there are no direct dealings with the family member.
- These steps may include notifying the Vendor of the conflict of interest, avoiding any work with the family member, and notifying Microsoft of the relationship.
- A Vendor employee who has a family member employed by Microsoft should also avoid asking the family member to recommend the Vendor to Microsoft.
- If your duties for Microsoft involve selecting other vendors to work for Microsoft, make sure you do not have a conflict of interest. Carefully segregate your responsibilities to ensure you are acting in Microsoft's best interests.

Resources

What the Code says about conflicts of interest:

From the Vendor Code of Conduct

Avoid the appearance of or actual improprieties or conflicts of interests. Vendors must not deal directly with any Microsoft employee whose spouse, domestic partner, or other family member or relative holds a significant financial interest in the Vendor. In the course of negotiating the Vendor agreement or performing the Vendor's obligations, dealing directly with a Vendor personnel's spouse, domestic partner, or other family member or relative employed by Microsoft is also prohibited.

Section: Protection of Assets, Confidential Information, and Intellectual Property

Section Introduction

Protection of intellectual property rights is vital for any company.

Microsoft depends on intellectual property such as copyrights, trade secrets, trademarks patents, inventions, designs, and logos, among other types, for its core business functions.

This section of the Code describes Vendor obligations in the following areas:

- Respecting and protecting the intellectual property rights of all parties;
- Protecting and using responsibly the physical and intellectual assets of Microsoft;
- Using Microsoft-provided information technology and systems only for authorized Microsoft business-related purposes;
- Complying with all Microsoft requirements and procedures for maintaining passwords, confidentiality, security, and privacy;
- Complying with the intellectual property ownership rights of Microsoft and others.

Let's learn more about how to comply with the Code's requirements for maintaining confidentiality of Microsoft's intellectual property.

Topic: Confidentiality

Topic Introduction: Confidentiality

Vendors often create, use, or come into contact with Microsoft’s intellectual property that is also Microsoft’s confidential information — in documents, meetings, telephone conversations, emails, and on Microsoft’s corporate network.

Vendors sign a non-disclosure agreement agreeing to protect Microsoft confidential or proprietary information. This obligation applies both during and after the Vendor’s work with Microsoft.

Scenario: “Information on the Network”

In this scenario, a Vendor employee, Kumar, is authorized to access the Microsoft corporate network. While saving a document to a team SharePoint site, Kumar discovers unsecured Microsoft confidential information about future product plans. He reports his discovery to his manager, Will.

Kumar, Vendor Employee: Will, I think you should see what I found on the Microsoft team site.

Will, Vendor Manager: Sure. What’s up, Kumar?

Kumar: I stumbled on the launch plans. I wasn’t snooping—it was an accident. But you should see how much they’re planning to spend on the launch. Should I make a copy?

Question

How should the Vendor manager handle this situation?

Select the correct answer.

- A. Tell Kumar to ignore the information and keep working.
- B. Tell Kumar to copy the information because it might be useful.
- C. Tell Kumar to not copy the information and notify his Microsoft contact about the unsecured information.
- D. Tell Kumar to email the information to everyone on the project team so they know about the issue.

Answer

The correct answer is C. Vendors may occasionally see confidential information that has not been secured but should have been. Do not share the information with anyone else and do not use or transmit the information in any way.

Question

Identify which of the following types of intellectual property could be considered Microsoft confidential:

Select the correct response.

- A. Source code, pre-release builds
- B. Product plans, technical specifications, and milestones
- C. Usability surveys, test results, or bug data
- D. All of the above

Answer

The correct answer is D. All of these types of intellectual property may be confidential information.

Key Learning Points

- Microsoft confidential information includes, but is not limited to, information relating to Microsoft's technology and business that is not readily available or known to the general public.
- Sometimes confidential information is designated or marked "confidential" or "proprietary," but not always.
- Confidential information can include sales and marketing information, and financial, legal or business data and strategies.
- Vendors should protect Microsoft confidential information at all times. Use common sense and good judgment.
- Precautions that Vendors should take to protect confidential information include:
 - ✓ Encrypt confidential data.
 - ✓ Contact Microsoft immediately if Microsoft or third-party confidential information has been leaked.
 - ✓ Do not discuss information about Microsoft and its partners and customers in public places where third parties may overhear. This includes cafeterias and non-secure hallways and lobbies.
 - ✓ Do not share any Microsoft confidential information with friends, family members, or former colleagues or employees.
 - ✓ Discuss Microsoft confidential information with Microsoft employees only on a need-to-know basis.

Resources

What the Code says about protection of assets and intellectual property:

From the Vendor Code of Conduct

Protection of intellectual property rights is vital for any company. Microsoft depends on intellectual property such as information, processes, and technology. All Microsoft Vendors must, without limitation:

- Respect and protect the intellectual property rights of all parties by only using information technology and software that has been legitimately acquired and licensed. Use software, hardware and content only in accordance with their associated licenses or terms of use.
- Protect and responsibly use the physical and intellectual assets of Microsoft, including intellectual property, tangible property, supplies, consumables and equipment, when authorized by Microsoft to use such assets.
- Use Microsoft-provided information technology and systems (including email) only for authorized Microsoft business-related purposes. Microsoft strictly prohibits Vendors from using Microsoft-provided technology and systems to (i) create, access, store, print, solicit or send any material that is intimidating, harassing, threatening, abusive, sexually explicit or otherwise offensive or inappropriate, or (ii) send any false, derogatory, or malicious communications.
- Comply with all Microsoft requirements and procedures for maintaining passwords, confidentiality, security and privacy as a condition of providing Microsoft with goods or services or receiving access to the Microsoft internal corporate network, systems and buildings. All data stored or transmitted on Microsoft-owned or -leased equipment is to be considered private and is the property of Microsoft. Microsoft may monitor all use of the corporate network and all systems (including email), and may access all data stored or transmitted using the Microsoft network.
- Comply with the intellectual property ownership rights of Microsoft and others including but not limited to copyrights, patents, trademarks, and trade secrets; and manage the transfer of technology and know-how in a manner that protects intellectual property rights.

Reporting

If you wish to report questionable behavior or a possible violation of the Vendor Code of Conduct, you are encouraged to work with your primary Microsoft contact in resolving your concern.

If that is not possible or appropriate, please contact Microsoft through any of the following methods:

- **Call:**
In the U.S.: 1-877-320-MSFT (6738)
Outside the U.S. (collect): 1-704-540-0139
- **Email:** [Business Conduct and Compliance alias](#)
- **Online:** [Microsoft Integrity Website](#)
- **Mail:**
Director of Compliance at Microsoft Corporation
Legal and Corporate Affairs
One Microsoft Way
Redmond, WA 98052
- **Fax:** 1-425-708-7177

Microsoft will maintain confidentiality to the extent possible and will not tolerate any retribution or retaliation taken against any individual who has, in good faith, sought out advice or reported questionable behavior or a possible violation of this Vendor Code of Conduct.

Conclusion

Congratulations on completing this course!

If you accessed this course through Hiperos™, please return to complete the Certification and receive credit for completion.

Otherwise, you are finished with the course.

Thank you.