



**American Friends
Service Committee**

November 25, 2019

Michael Spencer
General Manager of Investor Relations
Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052-6399

Dear Mr. Spencer,

The undersigned institutional investors represent \$[] billion in assets under management. As prudent fiduciaries, our institutions consider environmental, social, and corporate governance (ESG) factors in the selection and management of investments across asset classes. We believe ESG issues can have a significant impact on corporate financial performance and on the value of our investments. Consequently, we actively seek to understand how companies address certain ESG factors.

We applaud Microsoft's [commitment to human rights](#), which includes the company's expectation that human rights are respected and promoted throughout its supply chain. Microsoft has been a global leader in this field, as exemplified in its [early support](#) of the UN Guiding Principles on Business and Human Rights (UNGPR) and in the creation of its [Technology and Human Rights Center \(THRC\)](#). Microsoft is a founding member of the [Global Network Initiative \(GNI\)](#), which is dedicated to advancing freedom of expression and privacy. We particularly appreciate that the company bases its human rights approach on internationally recognized standards, including the International Covenant on Civil and Political Rights and the OECD Guidelines for Multinational Enterprises.

We commend the ethical stance Microsoft took last year in publishing its [principles for developing and deploying facial recognition technology](#). The sixth principle seeks to safeguard "people's democratic freedoms in law enforcement surveillance scenarios," and we applaud Microsoft's pledge to not deploy facial recognition technology in scenarios that will put these freedoms at risk. We are proud to be part of a company with such a strong public commitment to the ethical use of its technologies, to internationally recognized human rights, and to democratic freedoms.

Given these strong public commitments, we are concerned over Microsoft's investment in Israeli startup AnyVision Interactive Technologies Ltd. As [news reports](#) have revealed, AnyVision is involved in at least two projects that stand in violation of international human rights law and international humanitarian law. We believe these projects also violate Microsoft's own principles and public commitments.



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The first project is the integration of AnyVision's facial recognition technology into Israel's military checkpoints in the West Bank. These checkpoints are part of a system of walls, fences, and other barriers designed to severely restrict the movement of Palestinian citizens. While AnyVision portrays these checkpoints as "border crossings," this is a gross misrepresentation. These checkpoints do not separate between two sovereign nations and are located within an occupied territory subject to military law. According to an International Court of Justice 2004 Advisory Opinion, in building "the wall and its associated régime," Israel has breached "various of its obligations under the applicable international humanitarian law and human rights instruments." The court found the entire system, including the checkpoints augmented by AnyVision's technology, to be "contrary to international law." We know that [Microsoft understands](#) the role of international law in protecting the rights of civilians from the ever increasing offensive capabilities of governments.

The second project AnyVision is part of is classified, but [reportedly](#) includes thousands of cameras deployed through the West Bank, putting the Palestinian civilian population under constant surveillance. Microsoft's ethical standards state that "law enforcement should be prohibited from using facial recognition technology to engage in ongoing surveillance," except in cases where there are laws governing the use of facial recognition technology, where a court order was issued "in a jurisdiction that maintains a fair and independent judiciary," or in emergency situations. The Palestinian population in the West Bank is subject to undemocratic military rule, with no access to basic civil and human rights. We fail to see how these conditions adhere to Microsoft's standards.

Each one of the above business activities is illegal, unethical, immoral, and violates Microsoft's own principles. Microsoft's continued association with AnyVision thus has the potential to tarnish the reputation that our company has worked so hard to maintain.

In an [article](#) published by NBC News, an unnamed Microsoft spokesperson was quoted saying that AnyVision agreed to comply with Microsoft's principles, but declined to answer what due diligence process, if any, Microsoft undertook prior to investing in AnyVision. The spokesperson also said that Microsoft takes the above allegations seriously and that if any violation of the company's principles were to be discovered, Microsoft would end its relationship with AnyVision. Finally, we learned from [recent news](#) that Microsoft hired former AG Eric Holder to conduct an audit to determine whether AnyVision's activities comply with Microsoft's principles.

We appreciate the initiation of an audit process. We encourage you to make the results known to investors and to follow through on your commitment to sever ties with AnyVision if these allegations are found to be true. We would appreciate the opportunity to discuss how the company is assessing the related risks of its relationship with AnyVision.

Thank you in advance for your time and consideration of these important matters, and we look



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forward to receiving your response, including your availability for a call with the undersigned investors. Please direct your reply to Dalit Baum at dbaum@afsc.org.

Sincerely,

[institutions]

CC:

Satya Nadella, Chief Executive Officer

Brad Smith, President

Michael Karimian, Senior Manager, Human Rights