



January 4, 2021

Via email to rule-comments@sec.gov

Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: File No. SR-NASDAQ-2020-081

Dear Secretary Countryman,

Microsoft appreciates the opportunity to submit this letter in response to the Securities and Exchange Commission's request for comments regarding the above-referenced release on The Nasdaq Stock Market's proposal to advance board diversity and enhance transparency of diversity statistics through new proposed listing requirements.

Nasdaq proposes to require each listed company to provide board-level diversity statistics through a board diversity matrix and have, or explain why it does not have, at least two "Diverse" directors.

Microsoft supports Nasdaq's proposal. The fundamental purpose of Nasdaq's corporate governance listing rules is to increase investor confidence in the public markets by ensuring listed companies adopt governance structures and follow practices that maximize their chances of long-term stability, predictability, and success. We believe Nasdaq's board diversity proposal will effectively further this purpose.

At Microsoft, our mission is deeply inclusive: empower every person and every organization on the planet to achieve more. We expect each of us—no matter our level, role, or function—to play an active role in creating environments where people of a diverse range of backgrounds are thrive in the workplace and do their best work.

Diversity in our leadership and our workforce matters. It provides an opportunity for everyone to learn from the breadth of experiences each of us have to create better outcomes for the customers we serve. At Microsoft we believe innovation drives



long-term success, and diversity unlocks innovation. This principle applies throughout our organization. Our commitment to diversity not only includes our Board of Directors, senior leadership team, and every employee, but also the ecosystem that surrounds Microsoft from our supply chain to our partner community.

Microsoft, as a Washington corporation, has already publicly supported the Women on Corporate Boards Act, enacted in Washington state in 2020, which requires public companies incorporated in Washington to have at least 25% of their boards comprised of directors identifying as women by 2022, or provide to their shareholders a report on their board diversity and analysis. We believe Nasdaq's proposal is consistent with the goals of the Washington statute, and uses similar disclosure mechanisms to enable shareholders to make informed voting and investment decisions that can include consideration of a company's approach to diversity on its board.

Investors who review Microsoft's [annual proxy statement](#) can readily find our detailed disclosure regarding the diversity of our Board of Directors. Of the company's current 12-member board, five members are women, two of our four board committees are chaired by women, and three board members are from racial or ethnic minority groups, including our independent Board Chair. Additionally, investors can find information about the diversity of the company's workforce in our [Global Diversity & Inclusion Report 2020](#). By publicly disclosing this data, we provide visibility to internal and external stakeholders on our progress against our diversity commitment, and also hold our leadership accountable to make continuous progress.

Based on our regular conversations with investors and their requests for diversity data, we understand they are increasingly focused on board diversity and many view it as material to their voting decisions. We believe this is important to investors because, as Nasdaq has noted, there is considerable empirical data that a diversity of backgrounds, experiences, and opinions leads to superior decision-making, better business outcomes, and more consistent long-term growth.

And while the composition of our current Board of Directors already exceeds Nasdaq's diversity goal of at least two diverse directors, we believe that Nasdaq's proposed phase-in period of two to five years is reasonable for companies who will need to make changes in the composition of their boards.



In conclusion, Microsoft would like to reiterate our support for Nasdaq's proposal and commends the proactive efforts of its leadership in spearheading a disclosure-based, business-driven approach. We appreciate this opportunity to provide feedback on the proposal to the SEC and hope that you will adopt Nasdaq's proposal. Thank you for considering our views on this important topic.

Sincerely,

A handwritten signature in black ink, appearing to read "Dev Stahlkopf".

Dev Stahlkopf
Corporate Vice President, General Counsel
and Secretary
Microsoft Corporation