

**6 ESSENTIAL
INSIGHTS TO STAY
ALIGNED WITH
MICROSOFT'S
EMISSIONS
MANDATES.**





As Microsoft intensifies its push to become carbon negative by 2030, it's making one thing unmistakably clear: its suppliers are expected to play a direct, data-driven role in reducing emissions across the value chain.

With updated disclosure expectations in place for 2025, this is no longer a conversation about aspirations—it's about compliance, credibility, and long-term supplier viability.

Here are six essential insights to help suppliers stay aligned with Microsoft's procurement sustainability requirements and avoid disruption.



DISCLOSURE IS MANDATORY—AND NOW HIGHLY SPECIFIC.

Microsoft requires all in-scope suppliers to disclose full greenhouse gas emissions data across Scope 1, Scope 2, and selected Scope 3 categories.

Submissions are made through Microsoft's Emissions Portal, with a hard deadline of 31 July 2025.

Non-compliance could impact supplier relationships or contract renewal.

ACTION POINT

Compile the following as part of your submission—

- *Total company emissions for the baseline year 2019 (the most recent “normal” year before COVID-19)*
- *Total company emissions for 2023 (the most recent complete year)*
- *Emissions to include Scope 1, Scope 2, and, at minimum, the following Scope 3 categories:*
 - *1. Purchased goods and services*
 - *6. Business travel*
 - *7. Employee commuting*
- *Annual revenue figures*
- *Third party assurance letter or consultant statement confirming 2019 and 2023 emissions*
- *2023 service-level accounting (SLA) emissions*

SERVICE-LEVEL ACCOUNTING (SLA) IS NOW STANDARD.

Suppliers must move beyond company-wide averages and provide granular emissions data directly tied to the services delivered to Microsoft. This includes:

- Allocating emissions by service using units like FTEs, hours, or other functional outputs
- Applying appropriate UNSPSC codes
- Isolating Microsoft-specific activity from broader operational emissions

This methodology aims to sharpen visibility, improve data quality, and inform more precise emissions reduction actions.

ACTION POINT

Establish a system to track the following as part of your submission—

Microsoft-specific activity and emissions, including personnel hours, resources used, and relevant UNSPSC mappings—segregated from your other clients and operations.



INDEPENDENT ASSURANCE IS A REQUIREMENT—NOT A PREFERENCE.

Microsoft's Supplier Code of Conduct mandates that suppliers secure independent, third-party assurance over their emissions disclosures. This can take one of two forms:

- An Assurance Letter from a qualified assurance provider, referencing established standards
- A Consultant Statement summarising methodologies and validation from external experts

Self-reported figures or software-generated estimates without review will not meet compliance thresholds.

ACTION POINT

Engage an accredited third-party verifier or sustainability consultant now to review the following—

Your 2019 and 2023 data verification, confirmation of assurance standards, and preparation of the appropriate documentation before the submission deadline.

THERE IS A DEFINED REDUCTION TARGET— AND IT'S MEASURABLE.

Microsoft expects a 55% reduction in service-level emissions by 2030. Suppliers are required to develop and maintain a robust GHG reduction plan, including:

- Defined actions to lower operational and Scope 3 emissions
- Investments in renewable energy (including RECs or on-site generation)
- Efficiency gains across facilities, logistics, and digital infrastructure
- Engagement with upstream vendors to support their reduction initiatives

Plans will be assessed not just on ambition, but on data-supported progress.

ACTION POINT

Develop a Microsoft-specific emissions reduction roadmap—

This must include annual benchmarks, decarbonisation measures, and accountability structures—ideally aligned with SBTi or similar frameworks.

CARBON-FREE ELECTRICITY (CFE) IS A STRATEGIC PRIORITY.

All Microsoft suppliers must demonstrate a transition toward 100% carbon-free electricity for Microsoft-related operations by 2030.

This aligns with Microsoft's broader decarbonisation pathway and applies across the full value chain.

Suppliers should evaluate opportunities to procure clean energy, invest in decarbonised infrastructure, and integrate renewable sources into their operational model.

ACTION POINT

Conduct a CFE gap analysis across the following—

All Microsoft-related sites or functions, and begin transitioning through RECs, PPAs, or on-site generation options. Document your sourcing strategy and milestones.

COMPLIANCE POSITIONS YOU FOR THE FUTURE.

While these requirements are demanding, they reflect the direction of global procurement and sustainability expectations.

Suppliers who build the systems, reporting discipline, and reduction strategies now will be better positioned to:

- Secure future contracts with Microsoft and other enterprise buyers
- Demonstrate readiness for SBTi alignment and climate-related disclosures
- Strengthen operational resilience in a shifting regulatory environment

Sustainability is no longer a differentiator—it's a qualifying metric.

ACTION POINT

Formalise your emissions disclosure and compliance process—

This must be done so that it is a repeatable internal function, with defined owners, audit trails, and performance indicators to prepare for Microsoft—and any client that follows suit.