



Civil Rights Department

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Civil Rights Department Reaches \$14.4 Million Settlement with Microsoft Over Alleged Parental and Disability Leave Discrimination

Settlement resolves multi-year investigation into allegations of discrimination in compensation related to the use of protected leave under state and federal civil rights laws

SACRAMENTO – The California Civil Rights Department (CRD) today announced reaching a \$14,425,000 proposed settlement with the Microsoft Corporation to resolve allegations of retaliation and discrimination against workers based on their use of protected leave, including parental, disability, pregnancy, and family care taking leave. State and federal law prohibits employers from interfering with an employee's use of protected forms of leave, such as leave to bond with a new child, address a serious health condition, or care for a family member. As part of the settlement, which is subject to court approval, Microsoft has committed to taking a range of proactive steps to prevent future discrimination and provide monetary relief to employees who used protected leave at the company in California between 2017 and 2024.

"Whether it's to look after a newborn child or take care of your own health, workers generally have the right to take time off without worrying about consequences at work," **said CRD Director Kevin Kish.** "By allegedly penalizing employees for taking protected forms of leave, Microsoft failed to support workers when they needed to care for themselves or their families. The settlement announced today will provide direct relief to impacted workers and safeguard against future discrimination at the company. We applaud Microsoft for coming to the table and agreeing to make the changes necessary to protect workers in California."

The settlement announced today resolves a multi-year investigation into Microsoft over claims of discrimination related to the use of protected leave under California's Fair Employment and Housing Act, the California Family Rights Act, California's Pregnancy Disability Leave law, Title VII of the Civil Rights Act of 1964, and the Americans with Disabilities Act. In a complaint filed by CRD against Microsoft, the department alleged that women and people with disabilities are overrepresented among the group of workers who use these forms of leave and that workers who used protected leave faced unlawful retaliation and discrimination in compensation and promotion opportunities because of their use of the leave. For example, CRD alleged that employees who used protected leave received lower bonuses and unfavorable performance reviews that, in turn, harmed their eligibility for merit increases, stock awards, and promotions. In addition, CRD alleged that Microsoft failed to take

sufficient action to prevent discrimination from occurring, altering the career trajectory of women, people with disabilities, and other employees who worked at the company, ultimately leaving them behind.

If approved by the court, the settlement will require Microsoft to:

- Pay \$14,200,000 to cover direct relief for workers and \$225,000 in costs associated with the department's enforcement efforts.
- Retain an independent consultant to make recommendations on Microsoft's personnel policies and practices to ensure managers do not consider time on protected leave in determining annual rewards and promotions.
- Work with the independent consultant to also ensure workers know how to raise complaints in instances where they believe that annual rewards and promotion decisions reflect discrimination or retaliation for the use of protected leave.
- Report annually, via the independent consultant, on compliance with the settlement, including with respect to how complaints of discrimination are received and processed.
- Ensure managers and human resources personnel complete training concerning prohibitions on discrimination based on the use of protected leave.

Individuals who took protected leave and worked at Microsoft in California between May 2017 and the date of the court's entry of the settlement agreement may be eligible to receive compensation. At this time, no action is needed by individuals covered under the proposed agreement and additional information will be posted on CRD's website upon approval by the court. If the court approves the settlement, covered workers will receive further information and updates from a settlement administrator.

If you or someone you know has been the victim of employment discrimination, CRD may be able to assist you through its complaint process. General information about CRD's complaint process and how to file a complaint is available [here](#). Additional information regarding protections against discrimination and harassment in the workplace is available [here](#).

The settlement announced today was supported by a number of CRD staff, including Siri Thanasombat, Alexis Alvarez, Chanelle Han, Ameline Gillet, and Robin Blackwell.

A copy of the proposed consent decree is available [here](#). A copy of the complaint is available [here](#). The proposed consent decree is subject to court approval.

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The California Civil Rights Department (CRD) is the state agency charged with enforcing California's civil rights laws. CRD's mission is to protect the people of California from unlawful discrimination in employment, housing, public accommodations, and state-funded programs and activities, and from hate violence and human trafficking. For more information, visit calcivilrights.ca.gov.

