

# GLASS LEWIS CONTROVERSY ALERT

**E**

Climate Change &amp; Greenhouse Gas (GHG) Emissions, Environmental Incident, Other Environmental Issue

**S****Community/Stakeholder Relations**, Data Security & Privacy, **Employee Health & Safety**, **Human Capital Management**, Supply Chain, Other Social Issue**G**Board Diversity, **Board Responsiveness**, **Ethics**, Executive Pay, **Oversight Issue**, Shareholder Rights, Other Governance Issue

## Activision Blizzard, Inc. (ATVI) – NASDAQ

*Meeting date: June 21, 2022 – AGM*

*Proxy Paper Publication Date: June 3, 2022*

The Company has faced significant stakeholder criticism along with legal and regulatory scrutiny throughout the past year regarding its workplace culture, including allegations of harassment, sexual misconduct, and discrimination, among other things. The Company and the allegations against it have been placed in the spotlight in recent months as a result of a high-profile acquisition offer from Microsoft.

In July 2021, the California Department of Fair Employment and Housing filed a complaint against the Company alleging violations of the California Fair Employment and Housing Act and the California Equal Pay Act, which was proceeded by a walkout staged by more than 300 Company employees where they demanded better working conditions for women and other marginalized groups. In addition, in November 2021, the *Wall Street Journal* reported that internal documents showed that CEO Bobby Kotick was aware of allegations of misconduct at the Company years prior to the investigations, despite his claims to the contrary. The memos, emails, regulatory requests, and interviews with former employees and others familiar with the Company reportedly showed that Kotick didn't inform the board about everything he knew, even after regulators began investigating the allegations in 2018.

Along with vigorously disputing California's allegations in the pending proceeding, the Company has demonstrated some responsiveness to this matter. Company CEO Bobby Kotick sent a letter to employees outlining steps that he and the Company would take to change its image in response to the numerous and ongoing allegations, including employing a zero-tolerance harassment policy and waiving arbitration in sexual harassment and discrimination claims. In addition, the board formed a new "workplace responsibility committee" to ensure implementation of the Company's initiatives to eliminate harassment and discrimination.

These issues are being highlighted by a shareholder proposal at its 2022 AGM asking for it to disclose specifics with regard to the effectiveness and outcomes of its efforts to prevent abuse, harassment and discrimination against protected classes of employees.

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Glass Lewis Controversy Alerts flag key votes on proposals at companies' general meetings and summarize Glass Lewis' Proxy Paper analysis of those issues. As further explained in the [Glass Lewis Controversy Alert Methodology](#), Glass Lewis Controversy Alerts are based on Glass Lewis' judgment about the significance of these votes and how these votes relate to ESG issues and risks. This Alert is not itself proxy advice and must be read and understood in conjunction with the underlying Proxy Paper.

For a complete analysis of these issues please refer to the Company Updates section and analysis of Proposal 5.00 in our Proxy Paper.

### Relevant Glass Lewis Recommendations

The above issue has contributed to the following recommendation:

**FOR** Proposal 5.00 – Shareholder Proposal Regarding Report Sexual Harassment and Discrimination