

# MSA STATEMENT 2018

## Introduction

This statement is intended to fulfil the legal requirement under Section 54 of the UK Modern Slavery Act 2015, which requires the ABK UK businesses (as defined below) to produce a statement sharing their efforts to combat modern slavery in their supply chains and business operations. Although not all Activision Blizzard group companies (defined as "Company", "we" and "our" as necessary herein) are subject to the Act, we take a collective, global approach to our human rights obligations, and the measures listed below for the Company are applicable to the ABK UK businesses. This statement is made in relation to the financial year 2018 ending on 31 December 2018.

## Our Structure, Business and Operations

Activision Blizzard, Inc. ("**Activision Blizzard**") is a leading global developer and publisher of interactive entertainment content and services. Activision Blizzard develops and distributes content and services on video game consoles, personal computers ("**PC**"), and mobile devices. We also operate esports leagues and events and create film and television content based on our intellectual property.

Based upon our organizational structure, we conduct our business through three reportable segments as follows:

- Activision Publishing, Inc. ("Activision")** is a leading global developer and publisher of interactive software products and entertainment content, particularly for the console platforms. Activision primarily delivers content through retail and digital channels, including full-game and in-game sales, as well as by licensing software to third-party or related-party companies that distribute Activision products. Activision develops, markets, and sells products primarily based on our internally developed intellectual properties, as well as some licensed properties. Activision's key product franchise is Call of Duty®, a first-person shooter for the console and PC platforms. Call of Duty has been the number one console franchise globally for nine of the last 10 years, based on data from The NPD Group, GfK Chart-Track, and GSD, and our internal estimates of dollar sales on front line games.

In 2010, Activision entered into an exclusive relationship with Bungie, Inc. ("**Bungie**") to publish games in the Destiny franchise. Effective December 31, 2018, Activision and Bungie, mutually agreed to terminate their publishing relationship related to the Destiny franchise. As part of this termination, Activision agreed to transfer its publishing rights for the Destiny franchise to Bungie in exchange for cash and Bungie's assumption of on-going customer obligations of Activision. Going forward, Activision no longer has any material rights or obligations related to the Destiny franchise.

- Blizzard Entertainment, Inc. ("Blizzard")** is a leading global developer and publisher of interactive software products and entertainment content, particularly for the PC platform. Blizzard primarily delivers content through retail and digital channels, including subscriptions, full-game, and in-game sales, as well as by licensing software to third-party or related-party companies that distribute Blizzard products. Blizzard also maintains a proprietary online gaming service, Blizzard Battle.net®, which facilitates digital distribution of Blizzard content and selected Activision content, online social connectivity, and the creation of user-generated content. Blizzard also includes the activities of the Overwatch League™, the first major global professional esports league with city-based teams, and our Major League Gaming ("**MLG**") business, which is responsible for various esports events and serves as a multi-platform network for Activision Blizzard esports content. Blizzard's key product franchises include: World of Warcraft®, a subscription-based massive multi-player online role-playing game for the PC platform; StarCraft®, a real-time strategy franchise for the PC platform; Diablo®, an action role-playing franchise for the PC and console platforms; Hearthstone®, an online collectible card franchise for the PC and mobile platforms; and Overwatch®, a team-based first-person shooter for the PC and console platforms.

- **King Digital Entertainment ("King")** is a leading global developer and publisher of interactive entertainment content and services, primarily on mobile platforms, such as Google Inc.'s ("Google") Android and Apple Inc.'s ("Apple") iOS. King also distributes its content and services on the PC platform, primarily via Facebook. King's games are free to play; however, players can acquire in-game items, either with virtual currency or real currency, and we continue to focus on in-game advertising as a growing source of additional revenue. King's key product franchises, all of which are for the mobile and PC platforms, include: Candy Crush™, which features "match three" games; Farm Heroes™, which also features "match three" games; and Bubble Witch™, which features "bubble shooter" games. King had two of the top 10 highest-grossing titles in the U.S. mobile app stores for the last 21 quarters in a row, according to App Annie Intelligence and internal estimates for the Apple App Store and the Google Play Store combined.

Activision Blizzard also engages in other businesses that do not represent reportable segments, including:

- the **Activision Blizzard Studios** business, which is devoted to creating original film and television content based on our library of globally recognized intellectual properties, and which, in September 2018, released the third season of the animated TV series Skylanders™ Academy on Netflix; and
- the **Activision Blizzard Distribution** business, which consists of operations in Europe that provide warehousing, logistics, and sales distribution services to third-party publishers of interactive entertainment software, our own publishing operations, and manufacturers of interactive entertainment hardware.

Both the Activision and King operating units have legal entities in the United Kingdom (the "UK") focusing on the development of Activision and King games, and the marketing and sales of Activision, Blizzard, and King games (in both digital and physical formats) and related products. There is also a logistics and warehousing business, which is based in the UK. These UK-based businesses are referred to in this statement as the "**ABK UK businesses**".

### Our Approach

Operating with integrity and honesty and striving to maintain the highest levels of corporate governance practices throughout our operations are fundamental aspects of Activision Blizzard's business philosophy. As our Company evolves and grows, both organically and through acquisition, we carefully monitor changes in our business operations, as well as changes in the laws and regulations in the many jurisdictions where we operate. As a result, we frequently review and refresh many of our policies and initiatives. During 2018, the policies and initiatives we reviewed and refreshed included:

- **Company code of conduct:** Our employee Code of Conduct ("**COC**") establishes the ethical foundation for every Activision Blizzard employee around the world and sets the expectation that our staff should follow applicable laws and report their concerns of any illegal or unethical activity through various means. The COC is distributed to all employees and we require each employee to acknowledge the COC and be bound by its terms on a yearly basis. The COC is bolstered by our Anti-Corruption and Anti-Bribery Policy and our Reporting and Non-Retaliation Policy as well as many other policies. The COC and its related policies can be viewed on the Corporate Governance section of our corporate website ("**Corporate Governance Site**").
- **Integrity Line (a/k/a The Way2Play Hotline) ([way2play.ethicspoint.com](http://way2play.ethicspoint.com)):** For many years, the Company has maintained a hotline and online reporting system through which our employees can confidentially and, if they desire, anonymously, report any concerns about the actions of others, both internally and externally. Reports submitted through the Integrity Line are automatically directed to our Chief Compliance Officer and appropriate members of the Compliance team. They are escalated and/or investigated as appropriate.
- **Way2Play Online Training:** In 2018, we launched our new online Way2Play training, which was mandatory for all existing employees and forms a core part of our new hire induction process, and which helps our

teams navigate the right "way to play", exploring many of the key concepts in our Code of Conduct - the ethical foundation of our Company and our guide to living our values and doing business the right way.

- **Way2Play Heroes program:** In the spirit of continuing our culture of ethics and integrity, in 2018 we also launched a new initiative across the Company called Way2Play Heroes. The Way2Play Heroes are a cultural network of over 75 employees across our operating units, with the aim of fostering ethics organically everywhere we do business. Our Heroes have been nominated and selected by their peers and leaders at a grassroots level throughout our many operating units, studios, divisions and locations. The Way2Play Heroes will act as their teams' local proponents of doing the right thing at work. They will drive awareness and transparency of our ethics and compliance resources, answer questions about our policies, ensure the voices of their colleagues are heard, and play an important role in shaping our Company's ethical culture.
- **Company-Sponsored Social Media Policy:** Using good judgement is a key tenet of this policy, which prohibits any posts which contain inappropriate or illegal content.

### Due Diligence

We are committed to responsible and compliant manufacturing throughout our supply chain. Our Vendor Code of Conduct ("**VCOC**") (aimed at all our vendors, suppliers, and business associates) sets out the standards we expect individuals and businesses to live up to when conducting business for and with us. Our Vendor Code of Conduct was updated in 2017 to include explicit prohibition of forced labour and child labour.

To detect risks as early as possible, we have also:

- established a compliance email address ([vendorcompliance@activisionblizzard.com](mailto:vendorcompliance@activisionblizzard.com)) which is included in our VCOC. This is available on our Corporate Governance Site. Our VCOC expresses our expectation that if any of our business associates become aware of actual or potential violations of the VCOC, they are expected to promptly report these concerns through this email address. Reports submitted through this email are automatically directed to our Chief Compliance Officer and appropriate members of the Compliance team for internal review and are escalated and/or investigated as appropriate;
- maintained access to online watchlist databases, which we use to search for the names of certain identified potential or current vendors/partners to see if those names or similar names appear in databases, news bulletins, watch-lists or other sources that report on certain identified risk areas. Relevant matches are reviewed by the legal and compliance teams and any issues are escalated internally and investigated as appropriate;
- adopted a Conflict Minerals Sourcing program to conform, in all material respects, with the framework of the "*Organisation for Economic Co-operation and Development Due Diligence guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas*" and its Supplements, specifically as it relates to our position as a "downstream" company in the supply chain of certain minerals. Our Conflict Minerals Report/Sourcing can be found on the ABK Corporate Governance Site; and
- during the course of 2018, in addition to the existing measures above, started work on an addendum collating all compliance measures in one place, including those related to prevention of forced labour, and enabling us to audit relevant partners specifically in respect of compliance with each of those requirements. This Addendum is intended to be inserted into agreements with vendors and suppliers going forward.

We have designated teams auditing supply chain partners via site visits, to ensure that they meet the compliance standards set by our Company. Should a third party fail to live up to our expectations, or be unwilling to make any recommended changes, we may cease to engage with them.

## Looking Ahead

We operate in a diverse, complex and rapidly evolving industry and our business models continue to expand and evolve. Accordingly, as our business changes we will need to expand our practices and procedures to address issues relating to modern slavery in new business areas and geographies. Our foundational compliance policies and processes, as described above, provide a strong framework from which we can continue to evolve and grow. We recognize that the challenge of combating modern slavery is a long-term and continuing effort and we intend to continue improving and evolving in this area.

This statement was reviewed and approved on behalf of the ABK UK businesses by Jeffrey A. Brown, Activision Blizzard Chief Compliance Officer on **27 March 2019**.

/s/ Jeffrey A. Brown

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Jeffrey A. Brown  
SVP, Corporate Secretary and  
Chief Compliance Officer  
Activision Blizzard, Inc.

