A Letter From CEO Bobby Kotick Regarding Progress and Commitments Made at Activision Blizzard

October 28, 2021

SANTA MONICA, Calif.--(BUSINESS WIRE)--Oct. 28, 2021-- Activision Blizzard, Inc. (Nasdaq: ATVI) CEO Bobby Kotick today sent the following letter to all employees.

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A few weeks ago, I reiterated our commitment to become the most welcoming, inclusive company in our industry. Today, I want to update you on some initial progress and important, additional steps we are taking to advance our commitment with greater impact, transparency, and urgency.

First, I want to offer my sincere gratitude for your continued focus and dedication to our players — and to each other. You've shown incredible resilience throughout the pandemic, exceptional care for colleagues and communities, and the relentless commitment to excellence, creative independence, and purpose that always sets our company — and our franchises — apart. During a tremendously challenging time for so many people, you've continued to bring joy and connection to our players and communities around the world.

My goal — and the goal of our Board, our entire senior corporate team, our business unit leaders, and their teams — is to make sure you have the resources, culture, and commitment from leadership you need to succeed in our collective aspiration to be the model workplace in our industry.

Over the last decade, as we've brought in new companies, grown our workforce, and expanded our business, we believed we had the systems, policies, and people in place to ensure that our company always lived up to its reputation as a great place to work. Clearly, in some vitally important aspects, we didn't.

The guardrails weren't in place everywhere to ensure that our values were being upheld. In some cases, people didn’t consistently feel comfortable reporting concerns, or their concerns weren’t always addressed promptly or properly. People were deeply let down and, for that, I am truly sorry.

Being welcoming and inclusive, in the context of our workplace, is crystal clear. We will still passionately debate ideas, employ healthy skepticism when appropriate, and demand excellence and rigor in all of our pursuits — but we will always treat each other with dignity and respect. And regardless of differences, voices will be heard, perspectives welcomed, and contributions valued.

We are a business fueled by passion and performance. These are cornerstones of our creative excellence but we must constantly recognize, embrace, and celebrate that the very best ideas, the most rigorous execution of those ideas, and ultimately our responsibility to our players and each other are best served by a culture that recognizes and respects that true excellence comes from diverse views, voices, and talents.

We've made progress over the last few years fostering that diversity and creating a better work environment — a commitment that has improved in scope and speed in recent months. We've tripled our investment in anti-harassment and anti-discrimination training; we've made meaningful organizational changes; and we've substantially increased resources for reporting and carefully investigating improper behavior.

The EEOC’s investigative process, public discussion on discrimination and harassment, and your reports and suggestions helped shine a light on practices we need to improve, policies that need to be strengthened, and resources we are now adding. The EEOC’s review was a catalyst to sharpen our focus on the ways we can become a company others emulate as a model for workplace excellence and one with an unwavering commitment to its values.

We have a lot more to do if we are to be the company that others emulate.

I want to share five new changes we are implementing, but recognize being a model for workplace excellence will be a dynamic process requiring additional changes and an unrelenting commitment to improvement.

1. We are launching a new zero-tolerance harassment policy company-wide — In the past, when we discovered and substantiated harassment, we terminated some employees and provided verbal or written warnings or different disciplinary actions to others. In retrospect, to achieve our goals for workplace excellence, this approach is no longer adequate. We need tougher rules and consistent monitoring across the entire company to make sure reports are being handled correctly and discipline is appropriate and swift.

   As a result, we are implementing a zero-tolerance policy across Activision Blizzard that will be applied consistently. Our goal is to have the strictest harassment and non-retaliation policies of any employer, and we will continue to examine and tighten our standards to achieve this goal everywhere we do business.

   Any Activision Blizzard employee found through our new investigative processes and resources to have retaliated against anyone for making a compliance complaint will be terminated immediately.

   In many other instances of workplace misconduct, we will no longer rely on written warnings: termination will be the outcome, including in most cases of harassment based on any legally protected category.
Future employment contracts and equity awards will be clear: termination for these reasons will result in the immediate forfeiture of future compensation.

We also want to ensure that employees who file reports are encouraged, protected, and heard. For all reports of harassment and retaliation, we will investigate the allegation and whether the Activision Blizzard personnel who received the report of such behavior took the appropriate steps to protect the integrity of our compliance processes.

There may be some places around the world where local law may restrict some of these measures. In those cases, we will apply the highest permissible standards and the strongest possible discipline.

2. We will increase the percentage of women and non-binary people in our workforce by 50% and will invest $250 million to accelerate opportunities for diverse talent – Today, approximately 23% of our global employee population identifies as women or non-binary. Building on the success that King and other business units have achieved, we will seek to increase our percentage of women and non-binary professionals by approximately 50% – to more than one-third across the entire company – within the next five years and hopefully faster. Each franchise team, business unit, and functional area will be expected to have plans to help fulfill this ambition.

With respect to diversity, while we perform better than our peers with 30% of our U.S. workforce from diverse or under-represented communities, broadening this progress will continue to be a significant focus of mine as well as company, business unit, and franchise leadership.

To further this commitment, we’ll be investing an additional $250 million over the next 10 years in initiatives that foster expanded opportunities in gaming and technology for under-represented communities. This commitment includes inspiring diverse talent to pursue career opportunities in gaming through an ABK Academy that includes partnerships with colleges and technical schools serving under-represented communities, mentorships for participants, and a rotating apprenticeship program that leads to game development jobs, similar to the programs we began with the United Negro College Fund and Management Leadership for Tomorrow. We will also provide learning, development, and advanced degree opportunities for current employees to increase the number of women and those from under-represented communities in leadership positions across the company and in our industry.

In the coming months, Brian Bulatao, Julie Hodges, and I will share details about how we are operationalizing these goals and implementing and measuring this expanded investment.

3. Based on feedback from employees, we are waiving required arbitration of sexual harassment and discrimination claims – For any Activision Blizzard employee who chooses not to arbitrate an individual claim of sexual harassment, unlawful discrimination, or related retaliation arising in the future, the company will waive any obligation to do so.

4. We will continue to increase visibility on pay equity – As described in the recent note from our President, Daniel Alegre, and our Chief Administrative Officer, Brian Bulatao, the company continues to focus on pay equity for employees. In fact, our U.S. analysis showed that women at the company on average earned slightly more than men for comparable work in 2020. To ensure transparency on our continuing commitment to pay equity, we will report these results annually.

5. We will provide regular progress updates – We will be monitoring the progress of our business units, franchise teams, and functional leaders with respect to workplace initiatives and we will provide a status report quarterly. We also will be adding a dedicated focus on this vital work in our annual report to shareholders and in our annual ESG report with information on gender hiring, diversity hiring, and workplace progress.

Specifics on how these measures will be implemented and tracked will be forthcoming.

Lastly, I want to ensure that every available resource is being used in the service of becoming the industry leader in workplace excellence. Accordingly, I have asked our Board of Directors to reduce my total compensation until the Board has determined that we have achieved the transformational gender-related goals and other commitments described above. Specifically, I have asked the Board to reduce my pay to the lowest amount California law will allow for people earning a salary, which this year is $62,500. To be clear, this is a reduction in my overall compensation, not just my salary. I am asking not to receive any bonuses or be granted any equity during this time.

There’s a tendency when companies face challenging moments to lose sight of what makes them special, what makes them great. You are a truly special group of people who – through passion, conviction, drive, and determination – keep accomplishing extraordinary things. While the critical work ahead won’t be easy, I am confident our collective commitment to workplace excellence will be achieved.

I truly wish not a single employee had had an experience at work that resulted in hurt, humiliation, or worse – and to those who were affected, I sincerely apologize. You have my commitment that we will do everything possible to honor our values and create the workplace every member of this team deserves.

I am grateful for how much people care about this company, and I appreciate that many past and present employees have reached out with their thoughts, concerns, complaints, and suggestions. Your experiences, so courageously shared, serve as reason and reminder for why it is so important for us to do better. And we will.

With thanks and deepest gratitude,
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Investors and Analysts:
ir@activisionblizzard.com
or
Press:
pr@activisionblizzard.com

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