

MSA STATEMENT 2017

Introduction

This statement is intended to fulfil the legal requirement under Section 54 of the UK Modern Slavery Act 2015 ("Act"), 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 as a whole are applicable to the ABK UK businesses. This statement is made in relation to the financial year 2017 ending on 31 December 2017.

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 events and leagues and create film and television content based on our games.

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

- **Activision Publishing ("Activision")** is a leading global developer and publisher of interactive software products and entertainment content, particularly for the console platform. 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 based on our internally developed intellectual properties, as well as some licensed properties. We have also established a long-term alliance with Bungie to publish its game universe, Destiny. Activision's key product franchises include: Call of Duty®, a first-person shooter for the console and PC platforms, and Destiny, an online universe of first-person action gameplay (which we call a "shared-world shooter") for the console and PC platforms. Call of Duty, Activision's leading franchise, has been the number one console franchise globally for eight of the last nine years, based on data from The NPD Group, GfK Chart-Track, and GSD, and our internal estimates.
- **Blizzard Entertainment ("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, along with Activision's Destiny 2 PC content, online social connectivity, and the creation of user-generated content. Blizzard also includes the activities of our MLG business, which is responsible for the operations of the Overwatch League™, along with other esports events, and will also continue to serve as a multi-platform network for other Activision Blizzard esports content. Blizzard's key product franchises include: World of Warcraft®, a subscription-based massive multi-player online role-playing game ("MMORPG") for PC; StarCraft®, a real-time strategy PC franchise; Diablo®, an action role-playing franchise for the PC and console platforms; Hearthstone®, an online collectible card franchise for the PC and mobile platforms; Heroes of the Storm®, a free-to-play team brawler for PC; and Overwatch®, a team-based first-person shooter for the PC and console platforms. World of Warcraft, which was initially launched in November 2004, is the leading subscription-based MMORPG in the world.

- **King Digital Entertainment ("King")** is a leading global developer and publisher of interactive entertainment content and services, particularly 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, Inc. ("Facebook"). King's games are free to play, however, players can acquire in-game items, either with virtual currency the players purchase or directly using real currency. 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 17 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 extensive library of globally recognized intellectual properties; 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 2017, 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):** 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.
- **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) 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 2017, we started working on the Way2Play Online Training program, with the intention of providing all our employees across the Company with comprehensive online training exploring the key concepts of our Code of Conduct and helping them navigate the right "way to play" in their day-to-day work.

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

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

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