

## COMGEST VOTING INTENTIONS – 2022

By: Comgest ESG Team

This year's proxy season marks Comgest's first pre-declaration of our voting intentions. As an active manager, we consider voting as a key lever to influence and exercise our stewardship responsibilities. We view pre-declaring our voting intentions as an opportunity to strengthen ongoing engagements that we deem important. The below highlights advanced voting disclosure for the current proxy season.

### Activision Blizzard

#### Shareholder Resolution: Include Non-Management Employees on the Board

US – Annual General Meeting – 21-Jun-2021<sup>1</sup>

**Resolution summary:** To adopt a policy of nominating a director candidate who is selected by the Company's non-management employees (the "Employee Representative Director Nominee"). The Employee Representative Director Nominee shall be selected by non-management employees using an election process. Compliance with this policy shall be excused if the Employee Representative Director Nominee does not consent to serve on the Board or would cause the Company to violate any law, regulation, or stock exchange listing requirement.

**Lead filer:** AFL-CIO<sup>2</sup>

**Background:** This shareholder resolution asking for the inclusion of employee representation on the Board of Activision Blizzard, a leading US gaming company facing sexual harassment allegations,<sup>3</sup> is in our view an important resolution that could drive positive change in the company's business practices as well as transform the industry for the better.

Our diversity and inclusion engagement activities with Activision Blizzard started after the California Department of Fair Employment & Housing filed a lawsuit on grounds of equal pay violations, sex discrimination, and sexual harassment, to gain clarity on the company's intentions following the allegations.<sup>4</sup> Information shared by the company was cross-checked with our team's research, including a review of social media activity and an analysis on the level of support regarding an employee petition calling for CEO Bobby Kotick's resignation<sup>5</sup>, to obtain a detailed understanding of the situation. In September 2021, based on our findings, we sent a letter to their Board outlining our expectations for the company. We requested that they (1) create an independent Chief People Protection Officer<sup>6</sup> role; (2) publish the results of their external audit of the allegations in its entirety; (3) add an employee representative to the company's Board of Directors; (4) exclude harassment from non-disclosure clauses within employment contracts and termination settlement agreements; and (5) establish, with peers, an industry body responsible for setting anti-discrimination and harassment standards. To ensure that our ideas were being considered, our team met with Activision's Lead Independent Director, Robert Morgado, in November 2021.

<sup>1</sup> 2022 AGM date is not yet public, so 2021 date has been provided as a guide for timeframe.

<sup>2</sup> American Federation of Labor and Congress of Industrial Organizations

<sup>3</sup> [SEC Is Investigating Activision Blizzard Over Workplace Practices, Disclosures](#), *The Wall Street Journal*, 20-Sep-2021.

<sup>4</sup> [DFEH Sues California Gaming Companies for Equal Pay Violations, Sex Discrimination, & Sexual](#), DFEH, 21-Jul-2021.

<sup>5</sup> [Activision Blizzard employees petition for CEO Bobby Kotick's resignation](#), *The Washington Post*, 18-Nov-2021.

<sup>6</sup> The Chief People Protection Officer would operate independently from the Human Resources department and the Chief People Officer, with the power to investigate complaints and whistleblowing claims.

**Comgest Rationale:** We have taken note of Activision Blizzard's settlement with the EEOC<sup>7</sup> and view positively the steps Activision has taken to enhance its workplace culture<sup>8</sup>. In particular, we think the company's efforts to strengthen its Ethics & Compliance team, adding roles such as a Senior Director of Investigations and two Directors of Workplace Investigations, is aligned with our recommendation to create an independent Chief People Protection Officer role. We also acknowledge that Activision is working towards increasing employee involvement through initiatives such as the Way2Play Heroes program. In our view, employee representation can be further reinforced, and we therefore support AFL-CIO's resolution. We believe that including an employee representative on the Board of Directors would improve employee engagement while adding an additional information channel between the Board and employees and prevent the management team from withholding information in the future<sup>9</sup>. We believe our support for this shareholder resolution will signify the importance of diversity and inclusion as a counterweight to toxic work environments which can lead to a talent drain and potential deterioration of financial performance.

Our vote, and this pre-declaration statement, is part of our engagement activities and we look forward to future dialogue opportunities with Activision Blizzard and their peers to explore how employee representation can be further strengthened.

**Comgest's vote intention:** For Shareholder Resolution

### Important information

All information is as of May 1, 2021, unless otherwise noted. **Past performance is no guarantee of future results.** Investing entails risks, including possible loss of principal.

Comgest's voting intention is an internal decision, will apply where Comgest has full voting discretion, and has not been agreed with any third party.

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<sup>7</sup> [Court Approves EEOC's \\$18 Million Settlement with Activision Blizzard](#), U.S. Equal Employment Opportunity Commission Press release, 30-Mar-2022

<sup>8</sup> [Court to Approve Activision Agreement with EEOC](#), Activision Blizzard Press Release Details, 29-Mar-2022

<sup>9</sup> [Activision CEO Bobby Kotick Knew for Years About Sexual-Misconduct Allegations at Videogame Giant](#), The Wall Street Journal, 16-Nov-2021.