

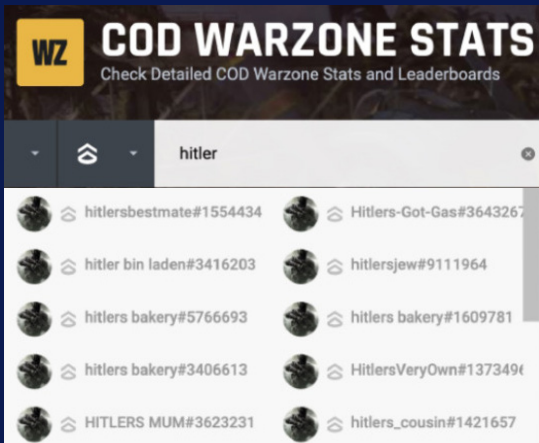


# **What Investors Need to Know About Hate & Harassment in Online Games**



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## Executive Summary

The gaming industry is grappling with a serious issue: hate and harassment in online multiplayer games has become widespread, impacting the player experience and posing significant risks to both individual stakeholders, and gaming companies. The [“Hate is No Game”](#) report, based on the 2023 [survey by the ADL’s Center for Technology and Society \(CTS\)](#), provides an investor-focused summary of key trends, risks, and actionable insights. With over **83 million U.S. players**<sup>1</sup> affected by harassment, the business case for action is clear: companies that fail to address these challenges may face **legal, regulatory, and reputational risks**, negatively impacting long-term profitability.



# Background on Hate and Harassment in Online Games

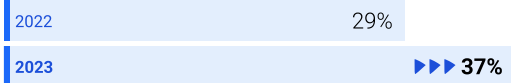
## 1. Widespread Harassment Across Demographics:

- **75% of young players** (aged 10-17) experienced harassment in online multiplayer games in 2023, an alarming increase from 67% in 2022.<sup>2</sup>
- **70 percent of Jewish adults** experienced some form of harassment in online multiplayer games.<sup>3</sup>

 A majority of young people experienced harassment in online multiplayer games



**3 in 4 teens and pre-teens** experienced harassment in online multiplayer games in 2023, up from 67% last year.



Identity-based harassment of **10-17-year-olds** increased to 37% in 2023.

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- **Black gamers** are especially targeted, with **50% of Black adults** reporting race-based harassment, which is an increase from 44% in 2022.<sup>5</sup>
- Nearly half of women gamers (48%) experienced gender-based harassment.<sup>6</sup>
- Harassment based on identity rose to 37% among young players, up from 29% in 2022.<sup>7</sup>
- **Decreasing overall harassment but rising extremism concerns:** For the first time in five years, the overall harassment rate among adults declined to 76%<sup>6</sup> (from 86% in 2022). However, exposure to extremist content remains a concern, with 15% of adult players and approximately 9% of young players encountering such content. Among those exposed, 30% encounter hate speech or extremism on a weekly or more frequent basis.<sup>8</sup>
- In another study, ADL researchers found that gamers who chose outwardly Jewish, Israeli, Mexican, Muslim, and Chinese usernames were exposed to identity based harassment at least double the rate of control group gamers.<sup>9</sup>

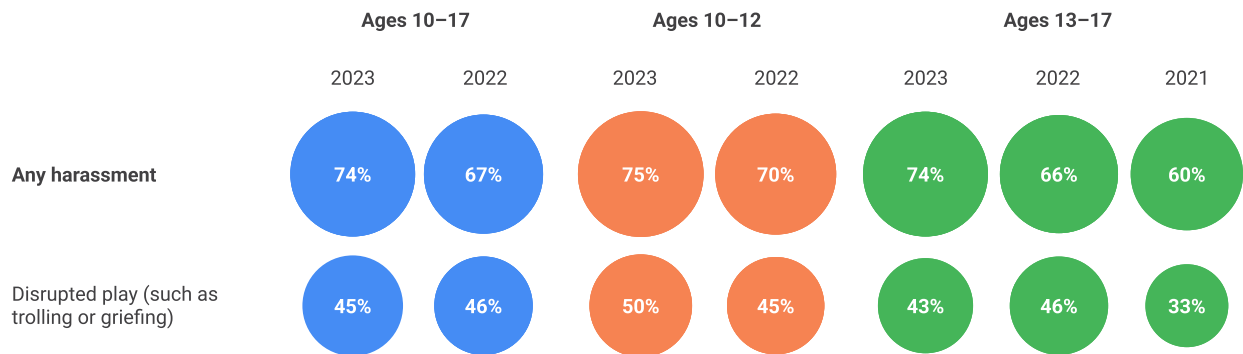
<sup>1</sup> Anti-Defamation League (ADL). (2023). *Hate is No Game: Hate and Harassment in Online Games*.

<sup>2-8</sup> Ibid

<sup>9</sup> Anti-Defamation League. [“Playing with Hate: How Online Gamers with Diverse Identity Usernames Are Treated”](#)

## Overall Harassment Against Young People

Share of young people who reported experiencing harassment, by year and age group



## 2. Rising Extremism in Gaming Spaces

- **15% of adult players and approximately 9%** of young players encountered extremist content.<sup>10</sup>
- **Among those exposed, 30% encounter** hate speech or extremism on a weekly or more frequent basis.<sup>11</sup>
- **Reduced Spending:** Approximately 20% of gamers have decreased their in-game expenditures due to toxic environments ([Take This](#)).<sup>12</sup>

<sup>10</sup> Xbox. (2023, November 7). Xbox third transparency report. Xbox News. <https://news.xbox.com/en-us/2023/11/07/xbox-third-transparency-report/>

<sup>11</sup> Ibid

<sup>12</sup> Take This. *The Bottom Line Up Front on Toxicity in Gaming Spaces*. March 2024. [https://www.takethis.org/wp-content/uploads/2024/03/ToxicityBottomLine\\_Final.pdf](https://www.takethis.org/wp-content/uploads/2024/03/ToxicityBottomLine_Final.pdf)

# Public Companies with Exposure to Online Hate & Harassment Issues

**Decreased Engagement:** Harassment leads to diminished player retention and shortened playing time with many individuals bypassing specific games or communities in order to avoid negative interactions ([Take This](#)).<sup>13</sup>

**Broader Impact on Spending Behavior:** The Take This Report titled “Toxicity and the Bottom Line”, highlights that 20% of players (adults and teens) are already spending less than in previous years due to toxic interactions. In online games, where in-game purchases are core to monetization, this signals a substantial threat to potential revenue streams. For instance, Newzoo’s data shows that in-game purchases are projected to generate 97% of mobile game revenue and a significant 27% for consoles—demonstrating that any drop in player spending due to harassment could lead to severe revenue declines across segments.<sup>14</sup>

**Player Retention and Avoidance:** Although the Take This report primarily highlights spending, the qualitative responses indicate that harassment leads many players to avoid specific games and communities. Players often mentioned changing their gaming habits to avoid environments where harassment is prevalent.<sup>15</sup> Retention is particularly valuable, as *live service games*, which rely on continuous player engagement, face unique challenges in maintaining their active player base. In competitive games where monetization often hinges on active player engagement, this shift could reduce retention rates, particularly for players from targeted demographics, ultimately decreasing lifetime value (LTV) for each affected player.

**Potential for Revenue Impact:** According to the survey, harassment and toxicity also negatively impact the players’ perception of value within games, with several respondents indicating they are less likely to invest in games associated with negative or hateful environments. This shift in perception affects not just direct revenue but also brand loyalty and long-term engagement, where games with reputations for safety and inclusivity could gain a competitive advantage.<sup>16</sup>

## Activision Blizzard (acquired by Microsoft in 2023):

Harassment rates in 2023 for games developed by Activision Blizzard

*Call of Duty*: 83% (adults); 68% (teens)

*World of Warcraft*: 71% (adults); 64% (teens)<sup>17</sup>

Per the ADL’s [“Steam-Powered Hate: Top Gaming Site Rife with Extremism and Antisemitism.”](#) These are the rates that adults are exposed to white supremacist ideologies in game titles developed by Activision Blizzard:

*Call of Duty*: 15%

*World of Warcraft*: 6%

*Overwatch*: 15%

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<sup>13,15</sup> Take This. *The Bottom Line Up Front on Toxicity in Gaming Spaces*. March 2024. [https://www.takethis.org/wp-content/uploads/2024/03/ToxicityBottomLine\\_Final.pdf](https://www.takethis.org/wp-content/uploads/2024/03/ToxicityBottomLine_Final.pdf)

<sup>14</sup> Newzoo. (2023). *Global Games Market Report*.

<sup>16</sup> Ibid

<sup>17</sup> Anti-Defamation League. *Hate Is No Game: Hate and Harassment in Online Games 2023*. 2023. <https://www.adl.org/resources/report/hate-no-game-ate-and-harassment-online-games-2023>.



The *Call of Duty* franchise has faced significant challenges with player harassment and toxic behavior. In response, Activision Blizzard has implemented several measures to address these issues:

- **Account Bans:** Over the past year, more than 350,000 accounts have been banned for racist names or toxic behavior, based on player reports and a comprehensive review of the player-name database.<sup>18</sup>  
[Call of Duty](#)
- **In-Game Filters:** New filters have been deployed to detect and block potentially offensive usernames, clan tags, and profiles. Additionally, technology has been implemented to filter offensive text chat across 11 languages.  
Call of Duty
- **Voice Chat Moderation:** A voice chat moderation system has been introduced, leading to a 50% reduction in players exposed to severe instances of disruptive voice chat since the launch of *Modern Warfare III*. This system detects violations of the *Call of Duty* Code of Conduct and enforces global voice chat restrictions on offending players  
Call of Duty
- **Code of Conduct Updates:** In early 2024, the *Call of Duty* code of conduct was updated to prohibit “the amplification of any person, agenda, or movement that promotes discrimination or violence.” This addition aims to [address extremism and terrorism within the game](#).

## Tencent Holdings (owns Riot Games):

These are the rates of harassment for 2023 in game titles developed by Riot Games:

*League of Legends*: 76% (adult); 70% (teen)

*Valorant*: 80% (adult); 66% (teen)<sup>19</sup>

These are the rates that adults are exposed to white supremacist ideologies in game titles developed by Riot Games:

*League of Legends*: 9%

*Valorant*: 7%

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<sup>18</sup> Activision. *Anti-Toxicity Progress Report*. May 2021. [https://www.callofduty.com/blog/2021/05/ANTI-TOXICITY-PROGRESS-REPORT?utm\\_source=chatgpt.com](https://www.callofduty.com/blog/2021/05/ANTI-TOXICITY-PROGRESS-REPORT?utm_source=chatgpt.com)

<sup>19</sup> Anti-Defamation League. *Hate Is No Game: Hate and Harassment in Online Games 2023*. 2023. <https://www.adl.org/resources/report/hate-no-game-ate-and-harassment-online-games-2023>



- *League of Legends*: Known for its competitive nature, this game has faced criticism for fostering toxic player interactions.<sup>20</sup>
- *Valorant*: Another title under Riot Games which has been noted for similar issues concerning inappropriate player behavior.<sup>21</sup>

## Take-Two Interactive

Take-Two Interactive's games, particularly *Grand Theft Auto Online* and *NBA 2K*, have faced significant harassment issues in recent years.

- **Harassment Rates (2023):**
  - *Grand Theft Auto Online*: 78% (adults); 72% (teens)
  - *NBA 2K*: 70% (adults); 65% (teens)<sup>22</sup>
- **Exposure to White Supremacist Ideologies:**
  - *Grand Theft Auto Online*: 10%
  - *NBA 2K*: 8%<sup>23</sup>

These games, known for their large online communities and competitive environments, have struggled with maintaining a positive player experience. In response, Take-Two has implemented measures to combat toxicity, including:
- **Account Bans & Content Moderation:** Take-Two regularly enforces bans on users engaging in offensive behavior, including racist, sexist, and otherwise discriminatory content.<sup>24</sup>
- **In-Game Moderation Tools:** New tools to detect and block offensive usernames, emotes, and chat have been rolled out.
- **Community Guidelines Updates:** Take-Two has been proactive in updating its community guidelines and taking a stronger stance against hate speech, with stricter penalties for players involved in toxic behavior.

## Electronic Arts (EA)

EA's popular games like *FIFA*, *Apex Legends*, and *The Sims* have faced criticism for the prevalence of harassment and toxic interactions.

- **Harassment Rates (2023):**
  - *FIFA*: 77% (adults); 71% (teens)
  - *Apex Legends*: 80% (adults); 75% (teens)
  - *The Sims*: 69% (adults); 64% (teens)<sup>25</sup>
- **Exposure to White Supremacist Ideologies:**
  - *FIFA*: 12%
  - *Apex Legends*: 10%
  - *The Sims*: 5%<sup>26</sup>

EA has worked to improve its online environments by introducing:
- **Real-Time Chat Moderation:** EA uses advanced AI tools to detect harmful language and prevent harmful interactions during live gameplay, per EA's content moderation and enforcement report.<sup>27</sup>

<sup>20,25</sup> Anti-Defamation League. *Hate Is No Game: Hate and Harassment in Online Games 2023*. 2023. <https://www.adl.org/resources/report/hate-no-game-ate-and-harassment-online-games-2023>.

<sup>21-23,26</sup> Ibid

<sup>24</sup> Take-Two Interactive Software, Inc., Conduct and Social Responsibility Overview, *Take-Two Interactive Software, Inc.*, <https://www.take2games.com/ir/conduct-social-responsibility-overview>

<sup>27</sup> Electronic Arts, "Content Moderation," *EA - Positive Play*, <https://www.ea.com/commitments/positive-play/content-moderation?>

- **Behavioral Analytics:** By analyzing player behavior, EA aims to identify repeat offenders and implement more stringent sanctions, such as temporary or permanent account bans.<sup>28</sup>
- **Enhanced Reporting Systems:** Players can easily report harassment and receive timely responses from EA's moderation teams.<sup>29</sup>

## Sony Interactive Entertainment (SIE)

Sony, as the parent company behind PlayStation and several exclusive titles like *The Last of Us* and *Gran Turismo*, has also faced scrutiny over online harassment.

- **Harassment Rates (2023):**
  - *Gran Turismo*: 72% (adults); 67% (teens)
  - *The Last of Us Online Multiplayer*: 74% (adults); 70% (teens)<sup>30</sup>
- **Exposure to White Supremacist Ideologies:**
  - *Gran Turismo*: 7%
  - *The Last of Us Online Multiplayer*: 5%<sup>31</sup>

Sony has taken several steps to address toxicity in its games, such as:
- **Automated Reporting Systems:** Sony has upgraded its reporting systems for harassment, allowing players to submit complaints more easily and efficiently.
- **Increased Moderation on PlayStation Network (PSN):** Sony has introduced more robust moderation measures across its online network, aiming to reduce the spread of toxic behavior.
- **Anti-Harassment Policies:** Sony's community guidelines now emphasize the importance of inclusivity and respect in online spaces, with penalties for players who violate these principles.<sup>32</sup>

## Krafton

These are the rates of harassment for 2023 in game titles developed by Krafton:

- *PUBG*: 75% (adult); 71% (teens)<sup>33</sup>

*These are the rates that adults are exposed to white supremacist ideologies in game titles developed by Riot Games:*

*PUBG*: 6%<sup>34</sup>

- *PUBG*: *PUBG: PlayerUnknown's Battlegrounds* has also been highlighted for issues related to player harassment.<sup>35</sup>

<sup>28</sup> Take-Two Interactive Software, Inc., "Conduct and Social Responsibility Overview," *Take-Two Interactive*, <https://www.take2games.com/ir/conduct-social-responsibility-overview>

<sup>29</sup> Mike Wheatley, "Activision Partners with Modulate to Combat Game Toxicity with AI-Powered Voice Chat Moderation," *SiliconANGLE*, <https://siliconangle.com/2023/08/31/activision-partners-modulate-combat-game-toxicity-ai-powered-voice-chat-moderation/>

<sup>30,33</sup> Anti-Defamation League. *Hate Is No Game: Hate and Harassment in Online Games 2023*. 2023. <https://www.adl.org/resources/report/hate-no-game-hate-and-harassment-online-games-2023>

<sup>31,34-35</sup> Ibid

<sup>32</sup> PlayStation Hate Speech Policy. *PlayStation.com*, [https://www.playstation.com/en-us/support/account/playstation-hate-speech-policy/?utm\\_source=chatgpt.com](https://www.playstation.com/en-us/support/account/playstation-hate-speech-policy/?utm_source=chatgpt.com)

# Financial & Reputational Risk Analysis

The financial and reputational health of gaming companies is directly threatened when harassment and extremism are not effectively addressed. Ignoring these issues can lead to regulatory scrutiny, lost revenue, and deteriorating brand value—outcomes that value-based investors and stakeholders increasingly monitor.

## 1. Legal and Regulatory Risks

- **Heightened Legislative Scrutiny: U.S. lawmakers, such as Representative Lori Trahan and Senator Maggie Hassan, have signaled growing concern over extremism and harassment in gaming spaces.**<sup>36</sup> As these issues gain traction, companies that fail to act decisively may face inquiries, additional reporting requirements, and/or regulatory action.
- **Future Compliance Costs:** Even if comprehensive federal legislation is not imminent, the trend toward increased oversight suggests future compliance burdens. Companies unprepared for such changes risk fines, operational disruptions, and the cost of retrofitting moderation systems on short notice.<sup>37</sup>

## 2. Financial Impact of Inaction

- **Revenue Erosion from Reduced Spending:** According to the ADL’s “Hate is No Game” report, approximately 20% of gamers spend less money due to toxic environments. Given that in-game purchases are projected to drive 97% of mobile gaming revenue and 27% of console revenue, lost spending directly undermines core monetization models.<sup>38</sup>
- **Declining Player Retention and Lifetime Value:** Harassment and extremist content push players—especially those from targeted demographics—to abandon certain games or communities, reducing active user bases and diminishing long-term player value.<sup>39</sup> Live-service games and competitive titles, which depend on sustained engagement, face immediate threats to their recurring revenue streams.
- **Stifled Growth and Market Share:** Companies that fail to address toxicity may struggle to attract new audiences or retain casual gamers, hindering growth in an industry where positive player experiences increasingly influence consumer choice. Over time, a failure to secure safe gaming environments will shrink market share relative to competitors who invest in trust and safety.

## 3. Reputational Damage and Investor Confidence

- **Eroding Brand Loyalty:** Gamers who encounter rampant harassment or extremism often question the brand’s values and commitment to community well-being. Over time, negative publicity damages hard-earned brand equity, making it more difficult for companies to differentiate themselves in a crowded market.
- **Loss of Socially Responsible Investors:** The rise of ESG-focused and values-based investing means investors are paying closer attention to corporate handling of social issues. Firms seen as enabling toxic environments may be screened out of portfolios, missing out on capital inflows and facing pressured equity valuations (U.S. SIF Foundation).
- **Long-Term Competitive Disadvantage:** By contrast, companies actively mitigating harassment and extremism not only safeguard their reputations but also gain a competitive edge. Demonstrating a proactive approach to player safety aligns with shifting consumer expectations and resonates with investors who prioritize sustainable, socially responsible growth.

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<sup>36</sup> NYU Stern, Gaming the System, 2023

<sup>37</sup> Institute for Strategic Dialogue (ISD), *Online Safety and the Regulation of Gaming Platforms and Services*, <https://www.isdglobal.org/isd-publications/online-safety-and-the-regulation-of-gaming-platforms-and-services/>

<sup>38</sup> Newzoo. *Global Games Market Report 2023*. Newzoo, 2023, [https://newzoo.com/resources/trend-reports/newzoo-global-games-market-report-2023-free-version?utm\\_source=chatgpt.com](https://newzoo.com/resources/trend-reports/newzoo-global-games-market-report-2023-free-version?utm_source=chatgpt.com)

<sup>39</sup> Take This. *The Bottom Line Up Front on Toxicity in Gaming Spaces*. March 2024. [https://www.takethis.org/wp-content/uploads/2024/03/ToxicityBottomLine\\_Final.pdf](https://www.takethis.org/wp-content/uploads/2024/03/ToxicityBottomLine_Final.pdf)

# Recommendations for Gaming Companies

To foster safer and more inclusive online communities, it is crucial to implement robust measures that address harassment, hate speech, and extremist content. This section outlines the specific recommendations we urge investors to advocate for. Together, these actions aim to create a more respectful and welcoming gaming environment for all players.

## 1. Establish Transparent Accountability Measures

- **Regular Transparency Reports:** Publish biannual or quarterly public reports detailing policy enforcement actions, including the number of banned accounts, the nature of violations, and improvements in detection technologies. Xbox's transparency efforts in 2023 can serve as a model.<sup>40</sup>
- **Independent Audits:** Partner with third-party organizations like ADL or the Fair Play Alliance to verify content moderation efficacy, ensuring impartial evaluation and credibility.

## 2. Strengthen Moderation Tools and Policies

- **AI-Enhanced Monitoring:** Invest in advanced AI-driven systems for real-time detection of hate speech, extremist content, and harassment across voice and text channels. Activision Blizzard's application of voice chat moderation in Call of Duty demonstrates the potential of proactive technology.
- **Robust Reporting Mechanisms:** Simplify and streamline player reporting features. Allow players to swiftly report multiple offenders and integrate automated follow-up messages so users are assured that action is being taken.
- **Clear, Consistent Enforcement:** Update and prominently publicize codes of conduct that prohibit harassment and extremist content. Ensure consistent and timely enforcement of rules and regulations to deter repeat offenders.

## 3. Proactive Community Support and Engagement

- **Inclusive Game Design:** Incorporate inclusive imagery, narrative elements, and character choices that reflect diverse communities, reducing the likelihood of marginalized players feeling unsafe or unwelcome.
- **In-Game Education and Guidelines:** Integrate educational prompts or modules that inform players about respectful communication and community standards.
- **Player-Led Initiatives:** Encourage the formation of player-led moderation groups or "community ambassadors" who help maintain a positive environment, providing direct peer support and early intervention.

## 4. Collaborate with Experts and Civil Society

- **Cross-Industry Alliances:** Join industry coalitions like the Fair Play Alliance and Thriving Games Group to share best practices, develop standardized guidelines, and drive collective action against harassment.
- **Partnerships with NGOs:** Work closely with organizations like ADL and ISD Global to gain insights on emerging extremist trends, train moderation teams, and craft effective countermeasures.

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<sup>40</sup> Xbox. (2023, November 7). *Xbox third transparency report*. Xbox News. <https://news.xbox.com/en-us/2023/11/07/xbox-third-transparency-report/>



## Future-Proofing Through Innovation and Preparedness

- **R&D Investment:** Dedicate resources to researching new moderation technologies (e.g., improved NLP models, multilingual moderation tools) to stay ahead of evolving harassment tactics.
- **Scalable Infrastructure:** Develop moderation systems that can scale quickly to handle surges in new players or heightened tensions around significant events, ensuring consistent enforcement even during peak activity periods.

## Conclusion

Addressing hate and harassment in online multiplayer games is not just a moral imperative; it's a business necessity. Companies that prioritize player safety and inclusivity will not only avoid legal risks and reputational damage but also unlock new growth opportunities through stronger player engagement and increased investor confidence.

Investors are uniquely positioned to drive this change by pushing for greater transparency and accountability from gaming companies. Through proactive engagement, gaming companies can create a safer, more inclusive environment that benefits players, shareholders, and the broader gaming community.<sup>41</sup>

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<sup>41</sup> Anti-Defamation League. *Hate Is No Game: Hate and Harassment in Online Games 2023*. 2023. <https://www.adl.org/resources/report/hate-no-game-ate-and-harassment-online-games-2023>.

## Get Involved

For those interested in supporting efforts to address hate and harassment in online gaming or to learn more about values-based investing, please reach out to Dani Nurick, Director of Advocacy and Corporate Research at JLens, at [dani@jlensnetwork.org](mailto:dani@jlensnetwork.org).

## Additional Resources

- **ADL, “Hate is No Game”** Report: Anti-Defamation League’s in-depth analysis of harassment in gaming. ([adl.org](https://www.adl.org/))
- **NYU Stern Center for Business and Human Rights:** “Gaming the System: How Extremists Exploit Gaming Sites and What Can Be Done to Counter Them,” May 2023.
- **Xbox Transparency Report (2023):** Details Microsoft’s approach to safety in online platforms.
- **Thriving Games Group:** A coalition promoting positive online interactions in gaming.<sup>42</sup>
- **U.S. SIF Foundation (2023):** Report on trends in sustainable and impact investing in the U.S.

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<sup>42</sup> Thriving Games Group. (n.d.). *Thriving in Games*. <https://thrivinggames.org/>



## About JLens

Founded in 2012, JLens empowers investors to align their capital with Jewish values and advocates for Jewish communal priorities in the corporate arena including combating antisemitism and Israel delegitimization. More than 30 Jewish institutions, representing \$10 billion in communal capital, have invested more than \$260 million in products licensing JLens' Jewish screening, research and advocacy strategy ("Jewish Advocacy Strategy"). These institutions include major Federations, national nonprofits, Jewish Community Foundations, synagogues, day schools, and private foundations. In 2022, JLens became a part of the Anti-Defamation League (ADL) family. For more information about our work, please visit [www.jlensnetwork.org](http://www.jlensnetwork.org).

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