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THE 100 MOST OVERPAID CEOs

Are Fund Managers
Asleep at the Wheel?

AUTHORS

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This is the eighth annual report of “The 100 Most Overpaid CEOs of the S&P 500: Are Fund Managers Asleep at the Wheel?” that Weaver has written for *As You Sow*. Weaver began her corporate governance career with a position in the corporate affairs office at the International Brotherhood of Teamsters in 1992 supervising research on corporate governance. She then worked for the Investor Responsibility Research Center (IRRC), and in 2005 she joined Institutional Shareholder Services (ISS) where she was a senior analyst on the executive compensation team. Weaver holds a bachelor’s degree in English from Goshen College and a master’s in American Studies from the University of Notre Dame.

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Throughout the spring, this team provides updates and compensation analysis on its blog, which can be found at <https://www.asyousow.org/our-work/ceo-pay/blog/>. You can sign up for emails that summarize these blog posts at <https://www.asyousow.org/our-work/ceo-pay>.

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KEY TAKEAWAYS

Since *As You Sow* published the first "The Most Overpaid CEOs report" in 2015, in each and every report, the companies with the most overpaid CEOs suffer lower returns for shareholders than the average S&P 500 company. Cumulating these underperformances over all seven years of this report series, a rolling portfolio of the most 100 overpaying companies each year would have returned a full 20 percentage points less than the S&P 500 average.

2021 showed substantial increases in opposition to CEO pay packages. A record 16 companies had CEO pay packages rejected by more than half of the shareholders, a 60 percent increase from the ten in 2020 and more than double the seven in 2019. Using a calculation that excludes management and "insiders" and includes just institutional shareholders, the number of CEO pay packages that were rejected by more than a majority of institutionally held shares was 29, almost twice the 15 we saw last year. Semler Brossy, a leading independent executive compensation consulting firm, provides statistics that indicate that the average vote against the CEO pay package at S&P 500 companies increased by 1.3 percentage points, from 10.4 percent in 2020 to 11.7 percent in 2021, i.e. a 12.5 percent increase in the number of votes against the CEO pay package, "on average", at S&P 500 companies.¹

This increase in opposition seems to be based on more companies employing questionable practices and metrics in setting CEO pay. It does not seem to be based on the total amount of pay. For example, companies that changed CEO pay performance metrics this year using COVID-19 as the excuse received high levels of negative votes from shareholders.

Because CEO pay is highly peer group linked, an increase that may appear justified at one company then inflates pay at many other companies in the company's peer group. This ratchets up the pay of all CEOs, and shareholders do not seem to object.

FIGURE 1 - THE 25 MOST OVERPAID CEOs

RANK	NAME	CEO	CEO PAY	EXCESS PAY	REPORTED SHARES VOTED AGAINST	INSTITUTIONAL SHARES VOTED AGAINST	CEO:WORKER PAY RATIO	MEDIAN WORKER PAY
1	Paycom Software	Chad Richison	\$211,131,206	\$194,741,967	70%	93%	2963:1	\$71,259
2	Norwegian Cruise Line	Frank Del Rio	\$36,381,255	\$23,704,730	83%	96%	1188:1	\$30,635
3	General Electric	H. Lawrence Culp Jr.	\$73,192,032	\$60,992,444	58%	62%	1357:1	\$53,928
4	T-Mobile	G. Michael Sievert	\$54,914,015	\$40,146,706	18%	78%	859:1	\$63,949
5	Nike	John J. Donahoe II	\$53,499,980	\$38,929,237	46%	55%	1935:1	\$28,142
6	Hilton	Christopher J. Nassetta	\$55,870,639	\$41,490,753	43%	45%	1953:1	\$28,608
7	Howmet Aerospace	John C. Plant	\$39,091,008	\$24,946,110	55%	77%	761:1	\$58,020
8	Discovery	David M. Zaslav	\$37,710,462	\$24,412,179	39%	86%	565:1	\$66,689
9	Chipotle Mexican Grill	Brian R. Niccol	\$38,035,868	\$23,041,282	49%	53%	2898:1	\$13,127
10	Regeneron Pharmaceuticals	Leonard S. Schleifer	\$135,350,121	\$121,683,158	30%	44%	933:1	\$145,019
11	ViacomCBS	Robert M. Bakish	\$38,973,768	\$26,037,742	5%	95%	411:1	\$94,989
12	Activision Blizzard	Robert A. Kotick	\$154,613,318	\$140,310,587	44%	33%	1560:1	\$99,100
13	PTC	James Heppelmann	\$47,303,293	\$32,347,782	50%	63%	521:1	\$90,863
14	Aptiv PLC	Kevin P. Clark	\$31,267,329	\$16,602,904	43%	38%	5294:1	\$5,906
15	DaVita	Javier Rodriguez	\$73,432,365	\$59,801,917	17%	30%	1137:1	\$64,620
16	Electronic Arts	Andrew Wilson	\$39,165,820	\$25,252,276	74%	70%	316:1	\$123,935
17	Wynn Resorts	Matthew Maddox	\$24,571,980	\$11,017,765	36%	52%	591:1	\$41,551
18	Copart	A. Jayson Adair	\$25,766,923	\$10,201,711	44%	46%	727:1	\$35,448
19	DXC Technology	Michael J. Salvino	\$21,733,120	\$8,737,773	67%	79%	511:1	\$42,509
20	Skyworks Solutions	Liam K. Griffin	\$21,800,439	\$7,070,232	78%	82%	1271:1	\$17,148
21	Johnson & Johnson	Alex Gorsky	\$29,575,974	\$15,951,099	43%	35%	365:1	\$81,000
22	Prologis	Hamid R. Moghadam	\$34,432,677	\$19,946,398	48%	35%	330:1	\$104,192
23	Centene	Michael F. Neidorff	\$24,956,777	\$10,942,361	37%	37%	362:1	\$68,987
24	Fox Corporation	Lachlan Murdoch	\$29,154,460	\$15,175,456	9%	20%	359:1	\$81,307
25	IQVIA	Ari Bousbib	\$25,575,986	\$10,642,060	54%	68%	266:1	\$96,128

This report has a strong focus on financial manager voting, which is disclosed on an annual basis. The pay packages evaluated were those voted on in the year prior to June 30, 2021. Thus, some CEOs presented here and in Appendix A no longer hold those positions.

INTRODUCTION

This is the eighth year *As You Sow* has issued this report and a year where COVID-19 influenced voting outcomes. Shareholder opposition to CEO pay packages increased in the year ended June 30, 2021. CEO pay also continued to increase compared to the previous year.

Despite last year's stories of CEOs promising to cut their own base salaries during the pandemic, later analysis showed this move had only a minimal effect on their total pay. ISS noted, "The median CEO pay package was at an all-time high in both [S&P 500 and Russell 3000] indices, despite the fact that many companies froze or reduced base salaries in response to the pandemic." ISS says that total pay went up primarily "due to larger long-term equity incentives" given to the CEOs.²

CEOs' gains are much higher when realized pay is counted as the Economic Policy Institute (EPI) has done. EPI calculated that CEOs at the top 350 firms in the U.S. were paid an average of \$24.2 million when measuring the value of stock options when they are exercised instead of the date they are granted, and the value of stock awards is measured on the date the stock vests instead of the date on which the stock options were granted. This \$24.2 million figure is much more than the \$14.5 million figure reported in the companies' annual proxy statements.

Because front-line worker pay remained essentially flat for many years, the ratio between employee and CEO pay grew particularly stark. The EPI report found that, "in 2020, the ratio of CEO-to-typical-worker compensation was 351-to-1 under the realized measure of CEO pay; that is up from 307-to-1 in 2019 and a big increase from 21-to-1 in 1965 and 61-to-1 in 1989."³

SHAREHOLDER RESPONSE TO EXCESSIVE CEO PAY

When more than 50 percent of shareholders vote against a particular CEO pay package, it is said that the "say on pay" vote "failed." A record 16 S&P 500 companies had CEO pay packages rejected by more than half of the shareholders, a 60 percent increase from the ten in 2020 and more than double the seven in 2019.

Increased shareholder opposition to CEO pay packages is not just evident in votes that "fail," but also in the number of votes moving closer to that threshold. Thirty-two of S&P 500 companies had more than 40 percent of shares oppose the CEO pay package, a fourfold increase since 2017 when only eight companies saw the same level of opposition. This follows a trend of increasing opposition to executive compensation in the last few years, with 20 companies in 2020 and 14 companies in 2019 seeing the same 40 percent or more level of opposition.

Opposition may be increasing because some shareholders have grown frustrated with engagement's limited results. A headline in *The Financial Times* regarding the UK's largest asset manager, Legal and General Investment Management (LGIM), read: [LGIM ends feedback on executive pay after finding it mostly ignored](#). "Most companies don't act on the remuneration feedback we give them," Angeli Benham, senior global ESG manager at LGIM told *The Financial Times*. "Companies tend to do what's right for management rather than listening to us, a shareholder."⁴ LGIM voted against 70 percent of 100 Most Overpaid CEOs and against 41.6 percent of the S&P 500 CEOs.

SHAREHOLDER RESPONSE TO COVID-19 AND CEO PAY PACKAGES

Last year, we reported on policy changes that were created when the expectation was that COVID-19 would impact important performance metrics that determined CEO pay. Many compensation committees took steps to insulate CEOs from the financial impacts of the pandemic. This year, we saw the shareholder response to these actions.

Norwegian Cruise Line was severely impacted by the pandemic, reporting a \$4 billion loss and an 80 percent decrease in revenue. Yet, the board awarded the CEO, Frank Del Rio, pay of \$36 million (making him the number two Most Overpaid CEO on our list), raising his 2020 compensation to twice that of 2019. Nine of Norwegian Cruise Lines' largest investors voted against this change, with only one, Northern Trust Investments, approving the proposal. Overall, 96 percent of shares held by Institutional Investors voted against Mr. Del Rio's increased pay.

Sealed Air Corporation extended timing on performance shares that would otherwise have been forfeited. Both ISS and Glass Lewis then recommended that shareholders vote against the revised CEO pay package. Vanguard agreed and voted against, but BlackRock voted in favor.

At TransDigm Group, the compensation committee allowed the performance options of multiple executives to vest despite not attaining annual goals. Both ISS and Glass Lewis recommended that shareholders vote against this, and both BlackRock and Vanguard agreed and voted against.

We note that a few CEOs temporarily reduced a very small part of their pay package, namely their base salaries, often with public announcements, but the action was quietly reversed with much less fanfare. Overall, as we have seen above, CEO total pay for the S&P 500 went up despite this.

CASE STUDY

WALGREENS BOOTS ALLIANCE

The first notable compensation vote failure of 2021 was the first time investors really weighed in on companies that insulated executive pay from the impact of COVID-19; 52.5 percent of Walgreens Boots Alliance shareholders voted against the pay package at the company's January 31 meeting. When only 13F filers are used in the calculation, the result is starker with 72 percent opposition.

When pre-set targets and metrics were not met due to COVID-19, the company simply changed both its short-term and long-term incentive programs, resulting in total compensation of \$17,483,187. As BMO Global Asset Management stated regarding the shifting metrics, "This has shielded management from negative consequences experienced by investors and other stakeholders."

One of the largest shareholders, Vanguard, voted against, noting, "The Investment Stewardship team identified elements in the Walgreens compensation program that were not in the best long-term interests of Vanguard shareholders, particularly the use of upward adjustments during the pandemic—changes that did not appropriately reflect Walgreens' performance versus peers. The company's compensation committee employed discretion through the use of a scorecard for the final six months of the three-year compensation performance period—a time frame that coincided with the COVID-19 pandemic. We had questions about the rigor of the scorecard in part because of limited disclosure."

All the major proxy advisors (ISS, Glass Lewis, PIRC) recommended against this proposal.

In addition to Vanguard, other financial managers that opposed pay included SSgA, Fidelity Management & Research, Dimensional Fund Advisors, and Geode Capital Management.

Financial managers that voted to approve the CEO pay package include BlackRock, Capital Group, and Northern Trust Investments.

HOW WE IDENTIFY THE 100 MOST OVERPAID CEOS

To identify the 100 Most Overpaid CEOs, we evaluate the CEO pay at S&P 500 companies using data provided by Institutional Shareholder Services (ISS). Further data and analysis provided by HIP Investor computes what the pay of the CEO would be, assuming such pay is related to cumulative Total Shareholder Return (TSR) over the previous five years, using a statistical regression model. This provides a formula to calculate the amount of excess pay each CEO receives. We then add data that ranks companies by what percent of company shares voted against the CEO pay package.

A newer calculation of shareholder votes by Insightia uses only the votes of institutional investors (those required to file SEC Form 13F) in both the numerator (shares voted against) and denominator (total shares voted) to calculate percentage opposition. This calculation gives a more accurate indication of institutional investors' level of dissatisfaction, most obviously in cases where insiders own a particularly large portion of stock or there are dual class shares. More information on this and a comparison between reported votes and what we are calling "institutional votes" can be found in Appendix B. Finally, we rank companies by the ratio of the CEO's pay to the pay of the median company employee.

The rankings of companies by excess CEO pay and by shareholder votes on CEO pay are each weighted at 40 percent. The final ranking based on CEO-to-worker pay ratio is weighted at 20 percent. The complete list of the 100 Most Overpaid CEOs using this methodology is found in Appendix A. The regression analysis of predicted and excess pay calculated by HIP Investor is found in Appendix C, and its methodology is explained further there.

CASE STUDY

GENERAL ELECTRIC

General Electric, the number three company on our Overpaid CEOs list, failed its "say on pay" vote with an against vote of 57.4 percent (62 percent according to 13F vote). In August of 2020, the compensation committee modified CEO Larry Culp's 2018 employment agreement and lowered the target for share prices that triggered vesting on previously granted performance shares. According to [Boston Business Journal](#), the Glass Lewis report (which gave GE an "F" on pay-for-performance) noted that "the revised award provides Mr. Culp with the same amount of compensation in dollars for creating less shareholder value, even as the revised grant allows for greater upside opportunity (and dilution) on account of the higher number of shares covered." In addition to identifying similar concerns with the grant, ISS highlighted the discretionary nature of executive bonuses at GE.⁵

GE was one of about a dozen companies this year where shareholders actively launched campaigns urging other shareholders to vote against pay. In a letter filed at the SEC, [CtW Investment Group \(now known as SOC Investment Group\)](#) wrote, "Never in recent history has a CEO been compensated so handsomely for a decline in the stock price."⁶

GE is the highest company on our overpaid list with a lack of voting consensus among its largest investors: BlackRock and SSgA voted against, while Vanguard and T. Rowe Price, the largest shareholder of GE, voted in favor.

PROXY ADVISORS

The two largest proxy advisors are Institutional Shareholder Services (ISS) and Glass Lewis. Other smaller firms that act as advisors and proxy voting agents include Egan-Jones and Segal Marco. In the non-U.S. market, firms include SHARE, PIRC, and Federated Hermes.

In 2021, ISS recommended voting against 11 percent of the CEO pay packages at S&P 500 companies and against 45 percent of the 100 Most Overpaid CEOs. These percentages are based on the ISS "standard" policy. ISS also offers voting recommendations based on other policies (e.g., a Socially Responsible Investor (SRI) policy, a public pension fund policy, and a Taft-Hartley policy). Differences between the standard and SRI policy are minimal on compensation issues. ISS SRI recommended against pay at just five additional companies in the 100 Most Overpaid Companies: 3M, Centene, Dollar General, Sysco, and Tractor Supply. Thus, the SRI policy recommended votes against 50 percent of the 100 Most Overpaid CEOs.

The ISS Taft-Hartley policy was designed to appeal to Labor Union pension funds. This season, the Taft-Hartley policy recommended voting against 65 percent of the 100 Most Overpaid CEO pay packages. The most significant difference between the Taft-Hartley policy and the standard policy seems to be a sentence in that policy that says votes against can be triggered when “the board has failed to demonstrate good stewardship of investors’ interests regarding executive compensation practices.” The public pension fund policy closely tracks the Taft-Hartley policy on compensation.

Glass Lewis uses a model comparing CEO pay in relation to company peers and company performance compared to peers. It awards letter grades between “A” and “F.” An “A” means that the percentile rank for compensation is significantly less than its percentile rank for company performance. In 2021, Glass Lewis recommended shareholders vote against 12.4 percent of CEO pay packages at S&P 500 companies and against 50 percent on the 100 Most Overpaid CEOs list. This is a 14 percent increase in vote against recommendations for the 100 Most Overpaid CEOs. These percentages are based on the Glass Lewis “standard” policy. Glass Lewis also offers ESG and Taft-Hartley policies. The ESG policy voted against 57 percent of the 100 Most Overpaid CEOs list and the Taft-Hartley policy voted against 52 percent.

Segal Marco serves over 600 clients with total advisory assets exceeding \$500 billion and voted against 61 percent of the 100 Most Overpaid CEOs.

The Shareholder Association for Research and Education (SHARE) has traditionally been the largest proxy advisor service in Canada. SHARE's proxy voting service has been migrated to GIR, which is a new organization partly owned by SHARE and partly owned by the original Groupe Investissement Responsable in Montréal. It advised against all 65 of the 100 Most Overpaid companies held in their portfolio.

PIRC, one of the largest proxy advisors in Europe, recommended against 75 percent of the 100 Most Overpaid CEOs and abstained on the others.

CASE STUDY

PHILIP MORRIS

Company case studies in this report have typically focused on pay packages with high opposition and identified the funds that offer continued support for these egregious pay packages. Our Top 100 Overpaid CEOs list also serves to identify companies, like Philip Morris, that fly under the radar with lower opposition to their pay packages but consistently have excessive pay. In 2020, over 90 percent of shareholders supported the \$21,936,798 pay package of Philip Morris CEO André Calantzopoulos. In addition, Calantzopoulos has three separate pension funds with a combined present value of over \$38 million and owns over 800,000 shares of stock worth close to \$80 million.

Most shareholders voted in favor of that package, providing a rationale like Invesco’s statement, “No significant concerns have been identified.” However, the State of Rhode Island Pension Fund voted against the pay package because “the magnitude of CEO pay exceeds the 75th percentile of the company’s peer group, while company performance is below its industry peer median.”

As often is the case, European funds have shown more fortitude in voting against such packages. Aviva voted against the package because, among other reasons, “pay ratio is excessive (CEO vs employee).”

Pensionskasse SBB, one of the largest pension funds in Switzerland with \$17 billion in AUM, determined a vote against was warranted because “the CEO’s compensation exceeds USD 19 million (or the local currency equivalent) and the company has a market cap of more than USD 100 Billion (or the local currency equivalent).” Philip Morris is number 88 on our list of overpaid CEOs. If the absolute size of the package were a factor in evaluations, the rank would have been higher.

VOTING PRACTICES OF FINANCIAL FUND MANAGERS

BlackRock - \$9,496 billion AUM

BlackRock voted against 4.2 percent of CEO pay packages of the S&P 500 companies and 21 percent of the 100 Most Overpaid CEOs. BlackRock has increased its against vote percentage from 2.2 percent of CEO pay packages of the S&P 500 companies and 8 percent of the 100 Most Overpaid CEOs in the previous proxy season.

BlackRock has tried to evade criticism concerning how few S&P 500 pay packages it votes against by saying that its preferred method of disagreement with pay policies is to vote against the re-election of directors. In its [2021 Investment Stewardship Report](#) BlackRock states, “The effectiveness of voting against directors is well documented in BlackRock’s, as well as independent third-party, research. For example, our research shows that across the FTSE 350 companies where we voted against directors over remuneration concerns, 83% revised their pay policies within 12 months.”⁷

This proxy season, BlackRock reported votes against 931 directors at 453 companies due to executive compensation practices and laud this as a notable increase from the previous proxy season votes against 668 directors at 338 companies. However, *As You Sow*’s analysis shows that in the 2020-2021 proxy season, BlackRock voted against directors at 90 S&P 500 companies and in only eight cases listed compensation as a rationale: AmerisourceBergen, AT&T, General Electric, Howmet, Intel, Marathon Oil, Regeneron, and TransDigm Group. We thus find its contention that its vote against directors of U.S. companies as a means to express dissatisfaction with CEO pay inadequate, given that as far as we can tell 90 percent of its votes against directors are for non-compensation related reasons.

In October, BlackRock announced a new policy, effective January 1, 2022, that may be an attempt to address its critics. [The New York Times](#) referred to BlackRock’s decision to allow certain institutional clients to have more say in voting its shares. Clients can choose to vote in one of four ways:

- Vote proxies themselves
- Use a shareholder proxy service
- Continue to allow BlackRock to vote for them
- Choose certain items or topics they wish to vote themselves

In his annual letter to CEOs of the companies BlackRock holds, Larry Fink wrote, “We are committed to a future where every investor – even individual investors – can have the option to participate in the proxy voting process if they choose.”⁸

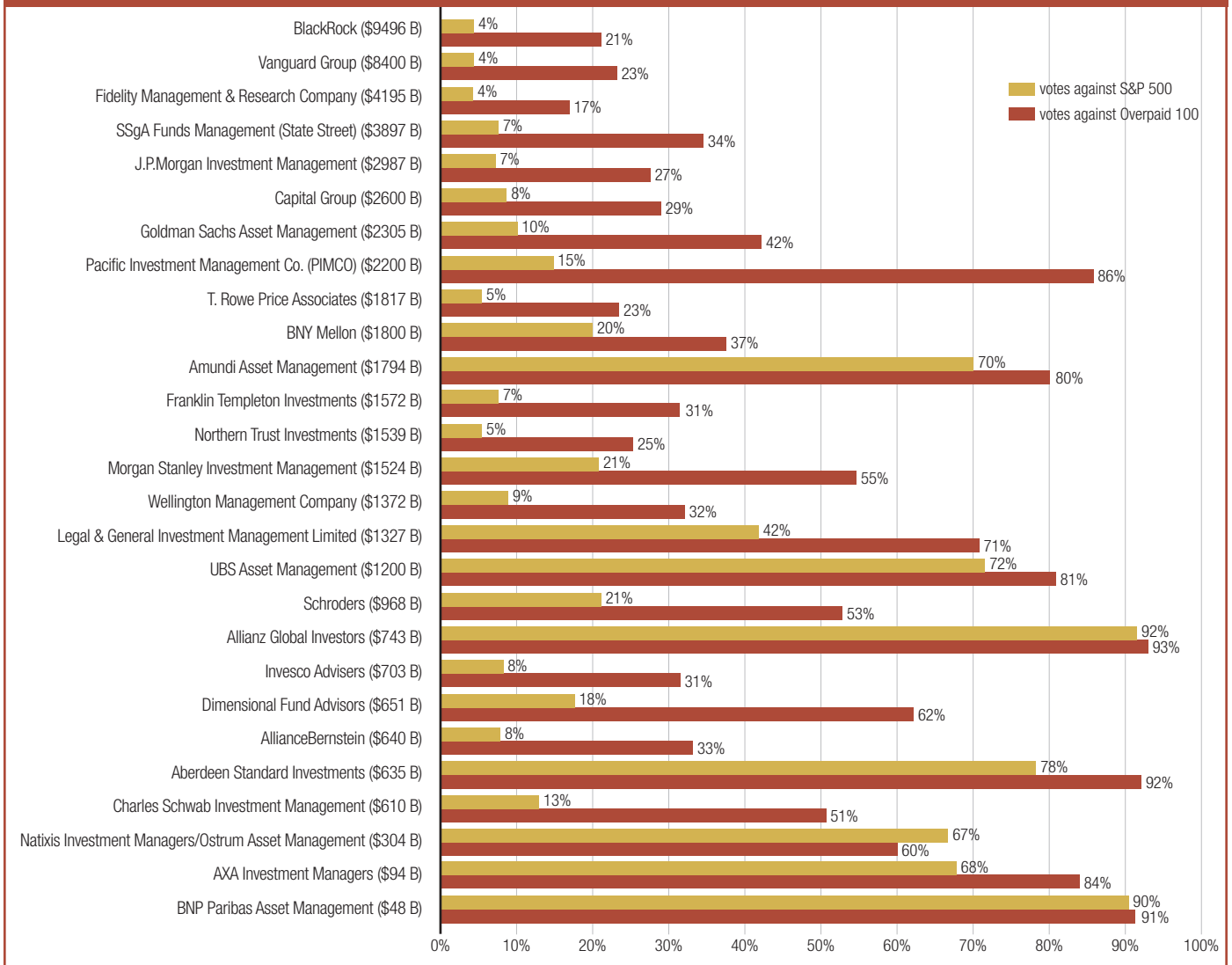
Vanguard - \$8,400 billion AUM

Vanguard voted against 4.2 percent of CEO pay packages of the S&P 500 companies and 23 percent of pay packages from the 100 Most Overpaid CEOs. The vote against was the same as the previous year for S&P 500 companies, while the vote against the 100 Most Overpaid CEOs increased by 33.7 percent.

In 2021, Vanguard dramatically increased its voting disclosure with the publication of Voting Insights on key proposals. The fund published over 40 such reports, most focused on issues other than CEO pay. Of the CEO pay proposals it covered, only three are in this report, and two were used to justify votes in favor of the pay package.

Vanguard highlighted its engagement and vote against CEO pay at Chipotle Mexican Grill, number nine on our 100 Most Overpaid CEOs list, in its [Investment Stewardship 2021 Semi Annual Report Insights](#). Vanguard stated that the upward pandemic related adjustments that excluded data for months with pandemic related store closures “too significant, given the total overall amount (or quantum) of the final payout to relative peer. Vanguard believes in a pay-for-performance philosophy centered on the concept that at-risk pay should remain at risk.”⁹

FIGURE 2 – OPPOSITION TO CEO PAY PACKAGES AT LARGE FUND MANAGERS RANKED BY ASSETS UNDER MANAGEMENT



State Street Global Advisors (SSgA) – \$3,897 billion AUM

SSgA voted against 7.4 percent of S&P 500 CEO pay packages and against 34.3 percent of companies on our 100 Most Overpaid CEOs list. In the previous year, it voted against 5.9 percent of S&P 500 CEO pay packages and 20 percent of the 100 Most Overpaid CEOs. SSgA abstained from voting on 1.5 percent of CEO pay packages in the most recent proxy season, a decrease on abstentions from the 3.7 percent in the previous year.

A recent [State Street Report](#), under a section entitled “Growing Dissent in Executive Compensation,” discloses SSgA increased the percentage of votes cast against compensation proposals in North America from 5 percent in the first half of 2020 to 8 percent in the first half of 2021 and attributes the increase to high jumps in quantum, use of upward discretion, and use of special grants.¹⁰

Amundi Asset Management – \$1,794 billion AUM

Amundi Asset Management is the largest European asset manager by AUM and the eleventh largest asset manager globally. This proxy season, Amundi voted against 72.1 percent of pay packages of the S&P 500 and 78.6 percent in our 100 Most Overpaid list. This makes Amundi, which is 70 percent owned by France’s largest bank and insurer Crédit Agricole (CA), the largest European fund manager to vote against the majority of overpaid CEOs. This represents a significant increase in opposition from the prior year when Amundi only voted against 17.6 percent of pay packages in the S&P 500.

In its 2020 Engagement Report, Amundi elaborates on its remuneration policy stating, “Amundi prioritizes a fair equity pay ratio or the gap between CEO pay and the median pay level among employees (often known also as the CEO pay ratio).”¹¹

In an article entitled, “Inequality: the stark truth and how Amundi targets the root causes” Jean-Jacques Barberis, Director of the Institutional and Corporate Clients Division & ESG, says, “We have been running a dialogue with companies on the living wage over the past two years, to encourage them to develop comprehensive policies to ensure a minimum base level of benefits for all employees globally and ensure every employee is treated with the same respect”.¹²

NEI Investments – \$5.4 billion AUM

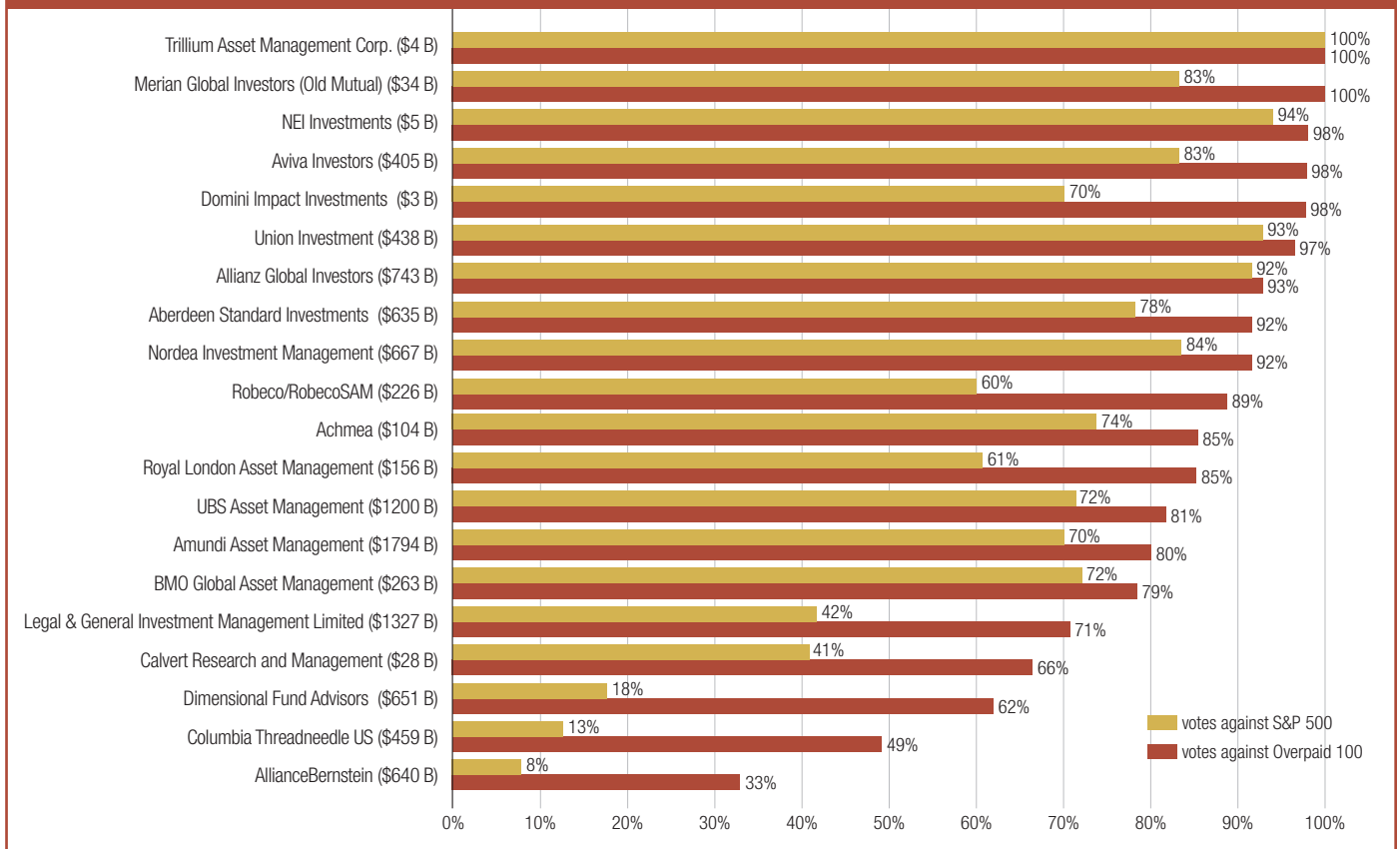
NEI Investments, founded in 2007, is a Canadian mutual fund company based in Toronto consisting of three funds – NEI Funds, Northwest Funds, and Ethical Funds – providing responsible investment solutions.

In the 2020-2021 Proxy Season, NEI Investments voted against 94.2 percent of CEO pay packages in the S&P 500. The previous proxy season, NEI voted against 90.3 percent in the S&P 500, an increase of 3.9 percentage points.

Excessive compensation is a priority issue for NEI, which states, “The potential for deep and lasting societal wounds due to the inequitable distribution of wealth is real, as we’ve seen, and the threat looms larger with every unchecked pay increase.”¹³ NEI encourages a shift for compensation committees to move from horizontal benchmarking, the practice of considering pay against the company’s competitors, to adding in vertical benchmarking, a consideration of internal pay equity.

With a focus not only on pay structure, but also deep concerns regarding quantum, NEI uses a quantified guideline to vote against pay packages it considers excessive. In the U.S., it automatically votes against when the pay package is 350 to 400 times the amount of the U.S. median household income, which correlates to CEO pay around \$22 to \$25 million in 2020.¹⁴

FIGURE 3 – FUND MANAGERS MOST LIKELY TO OPPOSE CEO PAY



FINANCIAL MANAGERS VOTING FOR PENSION FUNDS

Many pension systems invest in funds provided by external financial managers where the investments from multiple investors are “co-mingled” with each other. In Table 1, we highlight three such financial managers. In most cases, the pension systems delegate to the financial managers the decisions on how to vote their shares. However, in some cases, the pension systems might either have their own guidelines on how to vote their shares, or they might use a proxy voting service (following some set of guidelines provided by the service).

BlackRock is the largest financial manager and voted against only 4.2 percent of the CEO pay packages in the S&P 500 and against only 21 percent of the 100 Most Overpaid CEOs. As noted earlier, beginning in 2022, BlackRock will begin to give some institutional clients the ability to direct their own voting.

There were more pension systems that used SSgA (State Street), which has a slightly better voting record than BlackRock on CEO pay. SSgA voted against 7.4 percent in the S&P 500 CEO pay packages and against 34.3 percent of the 100 Most Overpaid CEOs.

AllianceBernstein LP voted against 7.8 percent of pay packages in the S&P 500 and against 33 percent of the 100 Most Overpaid CEOs.

TABLE 1 – EXAMPLES OF PENSION FUNDS THAT USE MONEY MANAGERS

FUNDS THAT USE BLACKROCK	FUNDS THAT USE SSgA (STATE STREET)	FUNDS THAT USE ALLIANCE BERNSTEIN
City of Fresno Employee Retirement System	Alaska Retirement Management Board	Nevada Public Employees Retirement System
Employees’ Retirement System of the State of Hawaii	Arizona Public Safety Personnel Retirement System	New Mexico State Investment Council
Iowa Public Employees’ Retirement System (IPERS)	District of Columbia Retirement Board	Public School and Education Employee Retirement System of Missouri
Kansas Public Employees Retirement System	Fresno County Employees’ Retirement Association	Public Employee Retirement System of Idaho
Nebraska Public Employees’ Retirement Systems	Kansas Public Employees Retirement System	
Nevada Public Employees Retirement System	Metropolitan Water Reclamation District Retirement Fund	
Public Employees Retirement System of New Mexico	Nebraska Public Employees’ Retirement Systems	
Public School and Education Employee Retirement System of Missouri	San Diego County Employees Retirement Association	
Texas Education Agency	Tennessee Consolidated Retirement System (TCRS)	
Public Employees’ Retirement System of Mississippi	Nevada Public Employees Retirement System	
The University of Texas/Texas A&M Investment Management Company (UTIMCO)	Oklahoma Public Employees Retirement System	
	Oklahoma Teachers’ Retirement System	
	Public Employees Retirement System of New Mexico	
	Texas Municipal Retirement System	
	Public Employees’ Retirement System of Mississippi	
	West Virginia Investment Management Board	

VOTING PRACTICES OF PUBLIC PENSION FUNDS

Minnesota State Board of Investment – \$129 billion AUM

The Minnesota State Board of Investment (SBI) voted against 72 percent of packages of the S&P 500 companies; it voted against 92 percent of the 100 Most Overpaid CEO pay packages. This represents a significant increase over the prior year in which they opposed 60 percent of S&P 500 packages and 88 percent of the 100 Most Overpaid CEO pay packages.

SBI's ESG Stewardship Report, published in January 2021, reports that in 2021, the SBI voted against approximately 70 percent of CEO pay packages “due to lack of sufficient alignment or transparency with shareholders.”¹⁵ The fund evaluates proposals on a case-by-case basis, with an emphasis on the fact that compensation should be linked to long-term performance. The figure disclosed in the report is based on all votes cast, not simply S&P 500 or even Russell 3000.

New York City Employees' Retirement System – \$207 billion AUM

The New York City Pension Funds voted against 31.7 percent of pay packages of the S&P 500 companies; they voted against 78.13 percent of the 100 Most Overpaid CEO pay packages. This marks a significant improvement over the prior year in which they opposed 25 percent of S&P 500 packages and 65 percent of the 100 Most Overpaid CEO pay packages.

FIGURE 4 – OPPOSITION TO CEO PAY PACKAGES AT LARGE PENSION FUNDS RANKED BY AUM

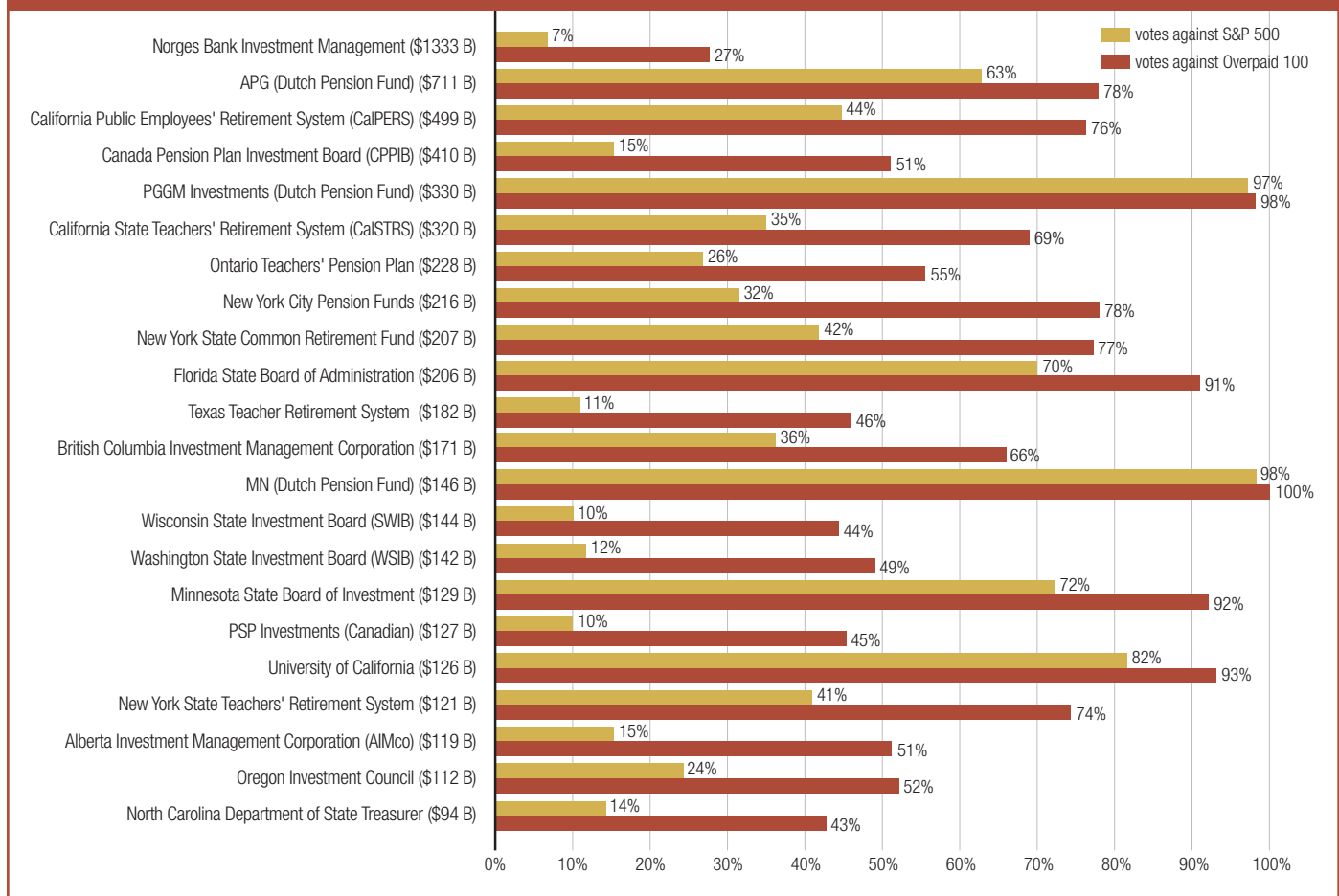
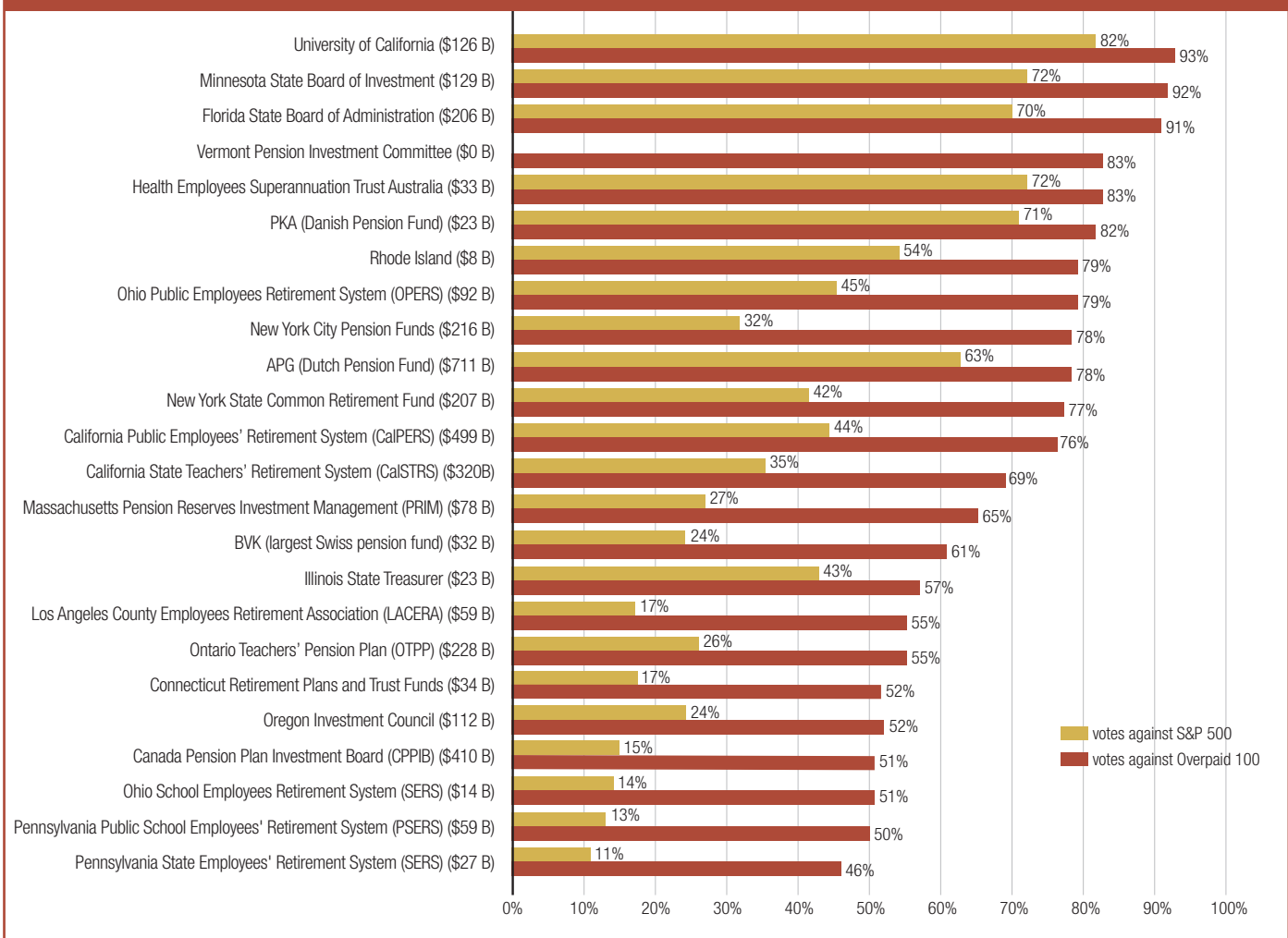


FIGURE 5 – PENSION FUNDS LIKELY TO OPPOSE CEO PAY



CONCLUSION

The pandemic has led to a greater awareness of the pay inequity between CEOs and the average worker and a realization that those with pay most “at risk” were average workers. While compensation committees like to tout the amount of the pay package that is “at risk,” the pandemic challenged the notion that CEO pay will always rise and fall with the performance of the company. In this report we have highlighted some of the compensation committee decisions to protect their CEOs from the financial impacts that their own employees have had to weather under COVID-19.

While we have seen a growing rejection of CEO pay packages from many of the largest mutual funds and pension funds, change has been unconscionably slow. In the past year, there has been a dramatic increase in the number of pay packages that have been rejected and a dramatic increase in the number of negative votes at the average S&P 500 company. However, with the big three financial managers – BlackRock, Vanguard, and SSgA – who together control about 20 percent of all shareholder votes and are still approving about 95 percent of S&P 500 CEO pay packages, the number of rejections is far from what it should be. This pay growth is both unjustified and decidedly not in the best interest of shareholders.

APPENDIX A – THE 100 MOST OVERPAID CEOs

RANK	COMPANY	CEO	CEO PAY	EXCESS PAY	REPORTED SHARES VOTED AGAINST	INSTITUTIONAL SHARES VOTED AGAINST	CEO:WORKER PAY RATIO	MEDIAN WORKER PAY
1	Paycom Software	Chad Richison	\$211,131,206	\$194,741,967	70%	93%	2963:1	\$71,259
2	Norwegian Cruise Line Holdings	Frank Del Rio	\$36,381,255	\$23,704,730	83%	96%	1188:1	\$30,635
3	General Electric	H. Lawrence Culp Jr.	\$73,192,032	\$60,992,444	58%	62%	1357:1	\$53,928
4	T-Mobile	G. Michael Sievert	\$54,914,015	\$40,146,706	18%	78%	859:1	\$63,949
5	NIKE	John J. Donahoe II	\$53,499,980	\$38,929,237	46%	55%	1935:1	\$28,142
6	Hilton Worldwide Holdings	Christopher J. Nassetta	\$55,870,639	\$41,490,753	43%	45%	1953:1	\$28,608
7	Howmet Aerospace	John C. Plant	\$39,091,008	\$24,946,110	55%	77%	761:1	\$58,020
8	Discovery	David M. Zaslav	\$37,710,462	\$24,412,179	39%	86%	565:1	\$66,689
9	Chipotle Mexican Grill	Brian R. Niccol	\$38,035,868	\$23,041,282	49%	53%	2898:1	\$13,127
10	Regeneron Pharmaceuticals	Leonard S. Schleifer	\$135,350,121	\$121,683,158	30%	44%	933:1	\$145,019
11	ViacomCBS	Robert M. Bakish	\$38,973,768	\$26,037,742	5%	95%	411:1	\$94,989
12	Activision Blizzard	Robert A. Kotick	\$154,613,318	\$140,310,587	44%	33%	1560:1	\$99,100
13	PTC	James Heppelmann	\$47,303,293	\$32,347,782	50%	63%	521:1	\$90,863
14	Aptiv PLC	Kevin P. Clark	\$31,267,329	\$16,602,904	43%	38%	5294:1	\$5,906
15	DaVita	Javier Rodriguez	\$73,432,365	\$59,801,917	17%	30%	1137:1	\$64,620
16	Electronic Arts	Andrew Wilson	\$39,165,820	\$25,252,276	74%	70%	316:1	\$123,935
17	Wynn Resorts	Matthew Maddox	\$24,571,980	\$11,017,765	36%	52%	591:1	\$41,551
18	Copart	A. Jayson Adair	\$25,766,923	\$10,201,711	44%	46%	727:1	\$35,448
19	DXC Technology	Michael J. Salvino	\$21,733,120	\$8,737,773	67%	79%	511:1	\$42,509
20	Skyworks Solutions	Liam K. Griffin	\$21,800,439	\$7,070,232	78%	82%	1271:1	\$17,148
21	Johnson & Johnson	Alex Gorsky	\$29,575,974	\$15,951,099	43%	35%	365:1	\$81,000
22	Prologis	Hamid R. Moghadam	\$34,432,677	\$19,946,398	48%	35%	330:1	\$104,192
23	Centene	Michael F. Neidorff	\$24,956,777	\$10,942,361	37%	37%	362:1	\$68,987
24	Fox	Lachlan Murdoch	\$29,154,460	\$15,175,456	9%	20%	359:1	\$81,307
25	IQVIA Holdings	Ari Bousbib	\$25,575,986	\$10,642,060	54%	68%	266:1	\$96,128
26	Halliburton	Jeffrey A. Miller	\$22,319,385	\$9,955,405	54%	50%	293:1	\$76,266
27	TransDigm Group	Kevin Stein	\$22,060,463	\$7,338,335	57%	48%	423:1	\$52,202
28	eBay	Jamie Iannone	\$34,835,839	\$20,186,887	29%	25%	281:1	\$124,919
29	Charter Communications	Thomas M. Rutledge	\$38,846,705	\$24,173,319	6%	10%	687:1	\$56,568
30	Comcast	Brian Roberts	\$32,713,267	\$18,783,269	12%	12%	380:1	\$86,206
31	Walgreens Boots Alliance	Stefano Pessina	\$17,483,187	\$4,819,949	52%	72%	524:1	\$33,396
32	Netflix	Reed Hastings	\$43,226,024	\$27,535,262	49%	41%	197:1	\$219,577
33	Gap	Sonia Syngal	\$21,905,521	\$8,027,151	12%	13%	3113:1	\$7,037
34	Thermo Fisher Scientific	Marc N. Casper	\$26,390,073	\$11,567,421	17%	12%	367:1	\$71,907
35	Adobe	Shantanu Narayen	\$45,889,954	\$30,096,410	12%	11%	298:1	\$153,916
36	Intel	Robert H. Swan	\$22,389,500	\$8,445,588	62%	69%	217:1	\$103,300
37	AT&T	John Stankey	\$21,020,917	\$8,115,043	51%	59%	227:1	\$89,399
38	Wells Fargo	Charles W. Scharf	\$20,392,046	\$7,201,789	42%	40%	274:1	\$74,416
39	NXP Semiconductors	Kurt Sievers	\$19,253,302	\$4,810,025	35%	31%	480:1	\$40,501
40	Mastercard	Ajay S. Banga	\$27,774,448	\$12,606,073	25%	18%	210:1	\$132,114
41	Archer-Daniels-Midland	Juan Luciano	\$21,994,433	\$8,285,942	14%	13%	338:1	\$65,133
42	International Business Machines (IBM)	Arvind Krishna	\$17,009,682	\$3,721,984	51%	52%	347:1	\$49,001
43	Ross Stores	Barbara Rentler	\$17,518,158	\$3,340,823	16%	15%	2020:1	\$8,672
44	Estee Lauder	Fabrizio Freda	\$18,423,927	\$3,501,103	2%	22%	638:1	\$28,879
45	Phillips 66	Greg Garland	\$24,989,374	\$11,600,428	50%	54%	149:1	\$167,382
46	Sysco	Kevin P. Hourican	\$25,872,425	\$12,098,775	11%	8%	374:1	\$72,072
47	Kroger	W. Rodney McMullen	\$22,373,574	\$9,147,705	10%	8%	909:1	\$24,617
48	Marathon Petroleum	Michael J. Hennigan	\$15,534,265	\$1,611,373	70%	72%	379:1	\$41,285
49	Equinix	Charles Meyers	\$25,836,268	\$11,664,175	21%	11%	225:1	\$115,068
50	Lennar	Richard Beckwith	\$21,983,118	\$7,826,957	16%	36%	192:1	\$114,665

Continued on next page

RANK	COMPANY	CEO	CEO PAY	EXCESS PAY	REPORTED SHARES VOTED AGAINST	INSTITUTIONAL SHARES VOTED AGAINST	CEO:WORKER PAY RATIO	MEDIAN WORKER PAY
51	Starbucks	Kevin R. Johnson	\$14,665,575	\$572,898	53%	42%	1211:1	\$12,113
52	Procter & Gamble	David S. Taylor	\$22,905,128	\$9,038,346	8%	8%	333:1	\$68,883
53	American International Group	Brian Duperreault	\$18,810,374	\$5,725,307	26%	16%	265:1	\$70,926
54	UnitedHealth Group	David S. Wichmann	\$17,872,713	\$3,246,821	27%	22%	321:1	\$55,696
55	CVS Health	Larry J. Merlo	\$23,043,822	\$9,991,970	10%	7%	414:1	\$55,716
56	L Brands	Andrew Meslow	\$18,494,939	\$5,084,328	7%	8%	1873:1	\$9,876
57	Micron Technology	Sanjay Mehrotra	\$19,995,488	\$4,183,654	15%	13%	292:1	\$68,558
58	Universal Health Services	Alan B. Miller	\$13,246,214	\$65,412	10%	100%	305:1	\$43,337
59	Automatic Data Processing	Carlos A. Rodriguez	\$17,645,648	\$3,385,722	10%	12%	291:1	\$60,655
60	HCA Healthcare	Samuel N. Hazen	\$30,397,771	\$15,926,125	4%	5%	556:1	\$54,651
61	Tractor Supply	Harry A. Lawton III	\$15,812,073	\$1,696,403	14%	11%	654:1	\$24,437
62	JPMorgan Chase	James Dimon	\$31,664,554	\$17,135,904	9%	5%	395:1	\$80,102
63	Hasbro	Brian D. Goldner	\$16,668,010	\$3,293,297	19%	21%	223:1	\$74,674
64	AmeriSourceBergen	Steven H. Collis	\$14,295,140	\$649,253	48%	72%	241:1	\$59,388
65	Texas Instruments	Richard K. Templeton	\$19,056,652	\$4,216,329	12%	11%	258:1	\$74,102
66	Cardinal Health	Michael C. Kaufmann	\$14,217,127	\$1,347,669	39%	38%	261:1	\$54,619
67	Trane Technologies PLC	Michael W. Lamach	\$28,107,486	\$13,009,572	11%	5%	486:1	\$57,867
68	Western Digital	David Goeckeler	\$35,723,376	\$21,967,189	8%	5%	4934:1	\$7,719
69	Lowes	Marvin R. Ellison	\$23,075,881	\$8,655,106	8%	5%	940:1	\$24,554
70	Biogen	Michel Vounatsos	\$18,659,829	\$5,032,004	49%	48%	120:1	\$155,378
71	Motorola Solutions	Gregory Q. Brown	\$23,046,559	\$8,161,621	10%	6%	286:1	\$80,445
72	D.R. Horton	David V. Auld	\$19,197,322	\$4,578,269	20%	19%	163:1	\$117,766
73	Citigroup	Michael L. Corbat	\$22,984,090	\$9,078,020	13%	5%	420:1	\$54,718
74	Ecolab	Douglas Baker	\$16,905,180	\$3,048,179	11%	8%	331:1	\$51,114
75	Walmart	C. Douglas McMillon	\$22,574,358	\$8,485,695	5%	5%	1078:1	\$20,942
76	Textron	Scott Donnelly	\$17,770,781	\$3,863,721	27%	17%	167:1	\$106,481
77	VF	Steven Rendle	\$15,782,406	\$2,105,628	9%	7%	1168:1	\$13,513
78	Royal Caribbean	Richard D. Fain	\$12,083,503	\$(1,403,840)	22%	23%	1395:1	\$8,664
79	3M	Michael Roman	\$20,700,347	\$7,298,925	9%	6%	308:1	\$67,109
80	Abbott Laboratories	Robert B. Ford	\$20,450,586	\$5,736,943	8%	7%	266:1	\$77,594
81	Walt Disney	Robert A. Chapek	\$14,163,936	\$251,192	32%	23%	293:1	\$51,073
82	Aon PLC	Gregory C. Case	\$20,294,496	\$6,106,745	8%	7%	251:1	\$80,833
83	Parker-Hannifin	Thomas Williams	\$18,862,861	\$4,216,696	8%	7%	348:1	\$54,179
84	Yum! Brands	David W. Gibbs	\$14,631,451	\$569,919	17%	8%	1286:1	\$11,377
85	Cigna	David Cordani	\$19,929,493	\$6,043,409	8%	6%	304:1	\$65,520
86	Mondelez International	Dirk Van de Put	\$16,842,693	\$3,243,671	7%	6%	544:1	\$30,937
87	Carnival	Arnold W. Donald	\$13,306,097	\$736,026	10%	9%	490:1	\$27,151
88	Philip Morris International	Andre Calantzopoulos	\$21,936,798	\$8,585,097	9%	5%	355:1	\$46,683
89	MGM Resorts International	William Joseph Hornbuckle	\$13,988,135	\$7,447	12%	12%	394:1	\$35,526
90	Citrix Systems	David J. Henshall	\$22,596,498	\$8,685,899	9%	7%	174:1	\$129,724
91	Linde PLC	Stephen Angel	\$18,556,901	\$4,045,992	10%	6%	432:1	\$42,940
92	Cummins	N. Thomas Linebarger	\$17,291,581	\$2,979,855	11%	7%	314:1	\$55,150
93	McKesson	Brian Scott Tyler	\$14,840,073	\$1,699,051	11%	8%	334:1	\$44,374
94	Lincoln National	Dennis R. Glass	\$14,300,822	\$434,765	28%	30%	183:1	\$78,076
95	Dollar General	Todd J. Vasos	\$16,452,823	\$2,188,822	10%	6%	986:1	\$16,688
96	Las Vegas Sands	Sheldon Gary Adelson	\$11,344,715	\$(2,197,795)	30%	84%	265:1	\$42,809
97	PPG Industries	Michael McGarry	\$15,903,993	\$2,094,541	9%	7%	363:1	\$43,783
98	Under Armour	Patrik Frisk	\$7,365,232	\$(4,925,244)	19%	88%	1104:1	\$6,669
99	Ameriprise Financial	James Cracchiolo	\$20,794,703	\$6,125,236	12%	7%	166:1	\$125,720
100	Valero Energy	Joseph W. Gorder	\$19,922,417	\$5,997,585	10%	12%	93:1	\$215,048

APPENDIX B – S&P 500 COMPANIES WITH MOST SHAREHOLDER VOTES AGAINST CEO PAY

This appendix shows two ways of looking at CEO pay votes: the standard one, as disclosed by the company, and one that was created for us by Insightia, a Diligent Brand. It uses only the votes of institutional investors (those required to file SEC Form 13F). In these calculations, those votes are used in both the numerator (shares voted against) and denominator (total shares voted) to calculate percentage opposition. We believe this gives a more accurate indication of where institutional investors are most dissatisfied, most starkly in cases where insiders own a particularly large portion of stock or there are dual class shares.

RANK	COMPANY	CEO	VOTE AGAINST (INSTITUTIONAL)	VOTE AGAINST (STANDARD)	PAY
1	Universal Health Services	Alan B. Miller	100%	10%	\$13,246,214
2	Norwegian Cruise Line	Frank Del Rio	96%	83%	\$36,381,255
3	ViacomCBS	Robert M. Bakish	95%	5%	\$38,973,768
4	Paycom Software	Chad Richison	93%	70%	\$211,131,206
5	Under Armour	Patrik Frisk	88%	19%	\$7,365,232
6	Discovery	David M. Zaslav	86%	39%	\$37,710,462
7	Las Vegas Sands	Sheldon Gary Adelson	84%	30%	\$11,344,715
8	Skyworks Solutions	Liam K. Griffin	82%	78%	\$21,800,439
9	DXC Technology	Michael J. Salvino	79%	67%	\$21,733,120
10	T-Mobile US	G. Michael Sievert	78%	18%	\$54,914,015
11	Howmet Aerospace	John C. Plant	77%	55%	\$39,091,008
12	Oracle	Safra A. Catz	74%	41%	\$964,055
13	AmerisourceBergen	Steven H. Collis	72%	48%	\$14,295,140
14	Marathon Petroleum	Michael J. Hennigan	72%	70%	\$15,534,265
15	Walgreens Boots Alliance	Stefano Pessina	72%	52%	\$17,483,187
16	Electronic Arts	Andrew Wilson	70%	74%	\$39,165,820
17	Intel	Robert H. Swan	69%	62%	\$22,389,500
18	Alphabet	Sundar Pichai	69%	25%	\$7,425,547
19	IQVIA	Ari Bousbib	68%	54%	\$25,575,986
20	PTC	James Heppelmann	63%	50%	\$47,303,293
21	General Electric	H. Lawrence Culp Jr.	62%	58%	\$73,192,032
22	AT&T	John Stankey	59%	51%	\$21,020,917
23	NIKE	John J. Donahoe II	55%	46%	\$53,499,980
24	Sealed Air	Edward L. Doherty II	54%	45%	\$11,764,199
25	Phillips 66	Greg Garland	54%	50%	\$24,989,374
26	Chipotle Mexican Grill	Brian R. Niccol	53%	49%	\$38,035,868
27	Wynn Resorts	Matthew Maddox	52%	36%	\$24,571,980
28	IBM	Arvind Krishna	52%	51%	\$17,009,682
29	Halliburton	Jeffrey A. Miller	50%	54%	\$22,319,385
30	Biogen	Michel Vounatsos	48%	49%	\$18,659,829
31	TransDigm	Kevin Stein	48%	57%	\$22,060,463
32	Copart	A. Jayson Adair	46%	44%	\$25,766,923
33	Hilton	Christopher J. Nassetta	45%	43%	\$55,870,639
34	Regeneron Pharmaceuticals	Leonard S. Schleifer	44%	30%	\$135,350,121
35	Fiserv	Frank J. Bisignano	43%	37%	\$12,193,925
36	Starbucks	Kevin R. Johnson	42%	53%	\$14,665,575
37	Netflix	Reed Hastings	41%	49%	\$43,226,024
38	Wells Fargo	Charles W. Scharf	40%	42%	\$20,392,046
39	Kansas City Southern	Patrick J. Ottensmeyer	40%	48%	\$7,135,912
40	Aptiv PLC	Kevin P. Clark	38%	43%	\$31,267,329
41	Cardinal Health	Michael C. Kaufmann	38%	39%	\$14,217,127
42	Kraft Heinz	Miguel Patricio	38%	16%	\$6,140,131
43	Centene	Michael F. Neidorff	37%	37%	\$24,956,777
44	Lennar	Richard Beckwith	36%	16%	\$21,983,118

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RANK	COMPANY	CEO	VOTE AGAINST (INSTITUTIONAL)	VOTE AGAINST (STANDARD)	PAY
45	Johnson & Johnson	Alex Gorsky	35%	43%	\$29,575,974
46	Prologis	Hamid R. Moghadam	35%	48%	\$34,432,677
47	Activision Blizzard	Robert A. Kotick	33%	44%	\$154,613,318
48	NXP Semiconductors	Kurt Sievers	31%	35%	\$19,253,302
49	Hologic	Stephen MacMillan	30%	31%	\$14,125,674
50	DaVita	Javier Rodriguez	30%	17%	\$73,432,365
51	Lincoln National	Dennis R. Glass	30%	28%	\$14,300,822
52	Berkshire Hathaway	Warren Buffett	27%	7%	\$380,328
53	Ford Motor	James D. Farley Jr.	26%	11%	\$11,802,054
54	Vornado Realty Trust	Steven Roth	26%	23%	\$11,047,233
55	Becton, Dickinson and Company	Thomas Polen	25%	33%	\$11,669,426
56	eBay	Jamie Iannone	25%	29%	\$34,835,839
57	Regions Financial	John M. Turner Jr.	24%	29%	\$13,832,516
58	Royal Caribbean	Richard D. Fain	23%	22%	\$12,083,503
59	Walt Disney	Robert A. Chapek	23%	32%	\$14,163,936
60	Estee Lauder	Fabrizio Freda	22%	2%	\$18,423,927
61	UnitedHealth Group	David S. Wichmann	22%	27%	\$17,872,713
62	Hasbro	Brian D. Goldner	21%	19%	\$16,668,010
63	Fox	Lachlan Murdoch	20%	9%	\$29,154,460
64	Nucor	Leon J. Topalian	19%	25%	\$11,265,538
65	D.R. Horton	David V. Auld	19%	20%	\$19,197,322
66	Mastercard	Ajay S. Banga	18%	25%	\$27,774,448
67	Textron	Scott Donnelly	17%	27%	\$17,770,781
68	Illumina	Francis A. deSouza	16%	18%	\$11,733,593
69	American International Group	Brian Duperreault	16%	26%	\$18,810,374
70	Ross Stores	Barbara Rentler	15%	16%	\$17,518,158
71	C.H. Robinson Worldwide	Robert C. Biesterfeld	14%	16%	\$5,432,670
72	CenterPoint Energy	David J. Lesar	14%	20%	\$11,946,295
73	Amazon	Jeffrey P. Bezos	14%	19%	\$1,681,840
74	Arista Networks	Jayshree Ullal	14%	10%	\$6,342,972
75	United Airlines	J. Scott Kirby	14%	18%	\$8,891,854
76	American Airlines	W. Douglas Parker	14%	13%	\$10,663,866
77	Allegion Plc	David D. Petratis	13%	15%	\$8,785,585
78	Archer-Daniels-Midland	Juan Luciano	13%	14%	\$21,994,433
79	Gap	Sonia Syngal	13%	12%	\$21,905,521
80	Invesco	Martin Flanagan	13%	12%	\$11,747,102
81	Micron Technology	Sanjay Mehrotra	13%	15%	\$19,995,488
82	Republic Services	Donald W. Slager	13%	8%	\$12,937,163
83	Automatic Data Processing	Carlos A. Rodriguez	12%	10%	\$17,645,648
84	Fifth Third Bancorp	Greg D. Carmichael	12%	13%	\$9,766,478
85	Comcast	Brian Roberts	12%	12%	\$32,713,267
86	Thermo Fisher Scientific	Marc N. Casper	12%	17%	\$26,390,073
87	Omnicom	John D. Wren	12%	12%	\$11,147,799
88	Valero Energy	Joseph W. Gorder	12%	10%	\$19,922,417
89	Live Nation Entertainment	Michael Rapino	12%	6%	\$4,781,510
90	People's United Financial	John Barnes	12%	15%	\$5,800,085
91	MGM Resorts International	William Joseph Hornbuckle	12%	12%	\$13,988,135
92	Xylem	Patrick K. Decker	12%	14%	\$8,830,351
93	Ralph Lauren	Patrice Louvet	11%	3%	\$12,063,568
94	Texas Instruments	Richard K. Templeton	11%	12%	\$19,056,652
95	Tractor Supply	Harry A. Lawton III	11%	14%	\$15,812,073
96	Ventas	Debra A. Cafaro	11%	14%	\$12,628,714
97	Equinix	Charles Meyers	11%	21%	\$25,836,268
98	Fortive	James A. Lico	11%	13%	\$13,624,063
99	Akamai Technologies	F. Thomson Leighton	11%	12%	\$11,750,560
100	Bio-Rad Laboratories	Norman Schwartz	11%	3%	\$7,992,423

APPENDIX C – HIP INVESTOR REGRESSION ANALYSIS

This table lists Overpaid CEOs as calculated by the HIP Investor regression analysis, comparing CEO pay to company financial performance returns to shareholders.

We, like many other analysts, find very weak links between pay amounts and company financial performance. The usual justification for high executive pay is that higher pay is intended to be a reward for higher profits and above average capital appreciation. Yet, this does not always follow – and shareholders foot the bill of excess pay. And, shareholders in firms that overpay their CEOs also suffer lagging financial performance.

However, if we follow the assumption that pay should be determined by performance and then use a basic statistical technique to map actual performance outcomes to predicted levels of pay relative to those outcomes, we can then see how much the CEO pay package exceeded such a prediction. Those with highest excess are ranked in the table below – and constitute this list of Overpaid CEOs of the S&P 500.

Executive pay data series included:

- Raw data: Simply looking at every ISS-identified executive's pay package, in each year, as a single data point value – including pay, bonus, stock grants, and stock options – to be paired with financial performance for that year.
- The series is supplemented using a Refinitiv, an LSEG (London Stock Exchange Group) business, (formerly Thomson Reuters Asset4) data set that captures the single largest pay package for each (company, year) pair. If ISS did not report a CEO for a given pair, and that pair was available in the Refinitiv series, the Refinitiv data were included. Once the full set of pay packages is assembled, each (company, year) value is paired with the performance for that year, and this full set is used for the regression.

Each type of executive pay could be reported in any year analyzed from 2009 to 2021, though not every company was reported for every year.

Financial performance series factors included:

- Return on invested capital (ROIC = cash flow available to pay both debt and equity capital owners, adjusted for tax effects, divided by the total value of that capital). ROIC is sourced from Refinitiv, which sources data from companies' annual reports and investor filings.
- Total return (capital gains and dividends) on the company's primary equity. This is calculated from the Refinitiv Return Index series using trailing periods behind June 30 of the year of the pay package as identified by ISS (or matching the year for the supplementary largest package data from ASSET4). Both performance factors were calculated across one-year, three-year, and five-year windows, trailing behind each possible pay year. Thus, data were considered as far back as 2004 (for the five-year window trailing pay data from 2009).

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RANK	COMPANY	CEO	EXPECTED CEO PAY BASED ON PERFORMANCE	ACTUAL CEO PAY	AMOUNT OF OVERPAY	EXCESS PAY
1	Paycom Software	Chad Richison	\$16,389,239	\$211,131,206	\$194,741,967	1,188%
2	Activision Blizzard	Robert A. Kotick	\$14,302,731	\$154,613,318	\$140,310,587	981%
3	Regeneron Pharmaceuticals	Leonard S. Schleifer	\$13,666,963	\$135,350,121	\$121,683,158	890%
4	General Electric	H. Lawrence Culp Jr.	\$12,199,588	\$73,192,032	\$60,992,444	500%
5	DaVita	Javier Rodriguez	\$13,630,448	\$73,432,365	\$59,801,917	439%
6	Hilton Worldwide	Christopher J. Nassetta	\$14,379,886	\$55,870,639	\$41,490,753	289%
7	T-Mobile US	G. Michael Sievert	\$14,767,309	\$54,914,015	\$40,146,706	272%
8	NIKE	John J. Donahoe II	\$14,570,743	\$53,499,980	\$38,929,237	267%
9	PTC	James Heppelmann	\$14,955,511	\$47,303,293	\$32,347,782	216%
10	Adobe	Shantanu Narayen	\$15,793,544	\$45,889,954	\$30,096,410	191%
11	Microsoft	Satya Nadella	\$15,682,087	\$44,321,788	\$28,639,701	183%
12	Netflix	Reed Hastings	\$15,690,762	\$43,226,024	\$27,535,262	175%
13	ViacomCBS	Robert M. Bakish	\$12,936,026	\$38,973,768	\$26,037,742	201%
14	Electronic Arts	Andrew Wilson	\$13,913,544	\$39,165,820	\$25,252,276	181%
15	Howmet Aerospace	John C. Plant	\$14,144,898	\$39,091,008	\$24,946,110	176%
16	Discovery	David M. Zaslav	\$13,298,283	\$37,710,462	\$24,412,179	184%
17	Charter Communications	Thomas M. Rutledge	\$14,673,386	\$38,846,705	\$24,173,319	165%
18	Norwegian Cruise Line	Frank Del Rio	\$12,676,525	\$36,381,255	\$23,704,730	187%
19	Chipotle Mexican Grill	Brian R. Niccol	\$14,994,586	\$38,035,868	\$23,041,282	154%
20	Western Digital	David Goekeler	\$13,756,187	\$35,723,376	\$21,967,189	160%
21	eBay	Jamie Iannone	\$14,648,952	\$34,835,839	\$20,186,887	138%
22	Prologis	Hamid R. Moghadam	\$14,486,279	\$34,432,677	\$19,946,398	138%
23	Comcast	Brian Roberts	\$13,929,998	\$32,713,267	\$18,783,269	135%
24	JPMorgan Chase	James Dimon	\$14,528,650	\$31,664,554	\$17,135,904	118%
25	Aptiv PLC	Kevin P. Clark	\$14,664,425	\$31,267,329	\$16,602,904	113%
26	Johnson & Johnson	Alex Gorsky	\$13,624,875	\$29,575,974	\$15,951,099	117%
27	HCA Healthcare	Samuel N. Hazen	\$14,471,646	\$30,397,771	\$15,926,125	110%
28	Chevron	Michael K. Wirth	\$13,326,671	\$29,016,686	\$15,690,015	118%
29	Fox	Lachlan Murdoch	\$13,979,004	\$29,154,460	\$15,175,456	109%
30	Morgan Stanley	James P. Gorman	\$15,051,276	\$29,558,524	\$14,507,248	96%
31	ConocoPhillips	Ryan M. Lance	\$13,661,248	\$28,054,551	\$14,393,303	105%
32	Trane Technologies PLC	Michael W. Lamach	\$15,097,914	\$28,107,486	\$13,009,572	86%
33	BlackRock	Laurence D. Fink	\$14,539,096	\$27,356,432	\$12,817,336	88%
34	Mastercard	Ajay S. Banga	\$15,168,375	\$27,774,448	\$12,606,073	83%
35	Sysco	Kevin P. Hourican	\$13,773,650	\$25,872,425	\$12,098,775	88%
36	Equinix	Charles Meyers	\$14,172,093	\$25,836,268	\$11,664,175	82%
37	Visa	Alfred F. Kelly Jr.	\$14,724,161	\$26,364,928	\$11,640,767	79%
38	Phillips 66	Greg Garland	\$13,388,946	\$24,989,374	\$11,600,428	87%
39	Thermo Fisher Scientific	Marc N. Casper	\$14,822,652	\$26,390,073	\$11,567,421	78%
40	QUALCOMM	Steven Mollenkopf	\$14,667,380	\$25,930,689	\$11,263,309	77%
41	Bank of America	Brian T. Moynihan	\$14,808,721	\$25,940,571	\$11,131,850	75%
42	Salesforce	Marc R. Benioff	\$14,633,151	\$25,740,775	\$11,107,624	76%
43	Wynn Resorts	Matthew Maddox	\$13,554,215	\$24,571,980	\$11,017,765	81%
44	Centene	Michael F. Neidorff	\$14,014,416	\$24,956,777	\$10,942,361	78%
45	IQVIA	Ari Bousbib	\$14,933,926	\$25,575,986	\$10,642,060	71%
46	Copart	A. Jayson Adair	\$15,565,212	\$25,766,923	\$10,201,711	66%
47	CVS Health	Larry J. Merlo	\$13,051,852	\$23,043,822	\$9,991,970	77%
48	Halliburton	Jeffrey A. Miller	\$12,363,980	\$22,319,385	\$9,955,405	81%
49	AbbVie	Richard Gonzalez	\$14,172,999	\$24,007,591	\$9,834,592	69%
50	Sempra Energy	Jeffrey W. Martin	\$13,434,125	\$23,181,719	\$9,747,594	73%

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RANK	COMPANY	CEO	EXPECTED CEO PAY BASED ON PERFORMANCE	ACTUAL CEO PAY	AMOUNT OF OVERPAY	EXCESS PAY
51	American Express	Stephen Squeri	\$14,555,869	\$24,221,319	\$9,665,450	66%
52	Lockheed Martin	James D. Taiclet Jr.	\$13,782,048	\$23,360,369	\$9,578,321	69%
53	Goldman Sachs	David M. Solomon	\$14,475,227	\$23,940,657	\$9,465,430	65%
54	NextEra Energy	James L. Robo	\$14,339,453	\$23,720,707	\$9,381,254	65%
55	General Motors	Mary T. Barra	\$14,280,180	\$23,657,987	\$9,377,807	66%
56	Kroger	W. Rodney McMullen	\$13,225,869	\$22,373,574	\$9,147,705	69%
57	Advanced Micro Devices	Lisa Su	\$18,006,735	\$27,141,878	\$9,135,143	51%
58	Citigroup	Michael L. Corbat	\$13,906,070	\$22,984,090	\$9,078,020	65%
59	Cisco Systems	Charles H. Robbins	\$14,098,848	\$23,163,710	\$9,064,862	64%
60	Procter & Gamble	David S. Taylor	\$13,866,782	\$22,905,128	\$9,038,346	65%
61	Eli Lilly	David A. Ricks	\$14,728,929	\$23,708,629	\$8,979,700	61%
62	Aflac	Daniel Amos	\$13,730,645	\$22,613,727	\$8,883,082	65%
63	Southern Company	Thomas A. Fanning	\$13,503,507	\$22,366,850	\$8,863,343	66%
64	ServiceNow	William R. McDermott	\$16,358,028	\$25,124,056	\$8,766,028	54%
65	DXC Technology	Michael J. Salvino	\$12,995,347	\$21,733,120	\$8,737,773	67%
66	Citrix Systems	David J. Henshall	\$13,910,599	\$22,596,498	\$8,685,899	62%
67	Lowe's Companies	Marvin R. Ellison	\$14,420,775	\$23,075,881	\$8,655,106	60%
68	Philip Morris International	Andre Calantzopoulos	\$13,351,701	\$21,936,798	\$8,585,097	64%
69	Walmart	C. Douglas McMillon	\$14,088,663	\$22,574,358	\$8,485,695	60%
70	Intel	Robert H. Swan	\$13,943,912	\$22,389,500	\$8,445,588	61%
71	Merck & Co.	Kenneth C. Frazier	\$13,707,269	\$22,088,429	\$8,381,160	61%
72	Archer-Daniels-Midland	Juan Luciano	\$13,708,491	\$21,994,433	\$8,285,942	60%
73	Motorola Solutions	Gregory Q. Brown	\$14,884,938	\$23,046,559	\$8,161,621	55%
74	Dow	James R. Fitterling	\$14,056,107	\$22,211,256	\$8,155,149	58%
75	AT&T	John Stankey	\$12,905,874	\$21,020,917	\$8,115,043	63%
76	Gap	Sonia Syngal	\$13,878,370	\$21,905,521	\$8,027,151	58%
77	Lennar	Richard Beckwith	\$14,156,161	\$21,983,118	\$7,826,957	55%
78	PepsiCo	Ramon Laguarta	\$13,686,374	\$21,486,982	\$7,800,608	57%
79	Pfizer	Albert Bourla	\$13,502,688	\$21,033,570	\$7,530,882	56%
80	TransDigm	Kevin Stein	\$14,722,128	\$22,060,463	\$7,338,335	50%
81	Raytheon Technologies	Gregory J. Hayes	\$13,659,531	\$20,970,890	\$7,311,359	54%
82	3M	Michael Roman	\$13,401,422	\$20,700,347	\$7,298,925	54%
83	Wells Fargo	Charles W. Scharf	\$13,190,257	\$20,392,046	\$7,201,789	55%
84	Allstate	Thomas J. Wilson	\$14,026,590	\$21,126,386	\$7,099,796	51%
85	Boeing	David L. Calhoun	\$13,999,143	\$21,074,052	\$7,074,909	51%
86	PayPal	Daniel H. Schulman	\$16,289,017	\$23,362,072	\$7,073,055	43%
87	Skyworks Solutions	Liam K. Griffin	\$14,730,207	\$21,800,439	\$7,070,232	48%
88	Bristol-Myers Squibb	Giovanni Caforio	\$13,103,951	\$20,150,902	\$7,046,951	54%
89	Northrop Grumman	Kathy J. Warden	\$13,809,240	\$20,807,144	\$6,997,904	51%
90	Chubb Limited	Evan G. Greenberg	\$13,440,125	\$20,328,167	\$6,888,042	51%
91	Willis Towers Watson	John J. Haley	\$13,974,720	\$20,732,005	\$6,757,285	48%
92	Amgen	Robert A. Bradway	\$13,865,813	\$20,131,408	\$6,265,595	45%
93	Ameriprise Financial	James Cracchiolo	\$14,669,467	\$20,794,703	\$6,125,236	42%
94	Aon PLC	Gregory C. Case	\$14,187,751	\$20,294,496	\$6,106,745	43%
95	Cigna	David Cordani	\$13,886,084	\$19,929,493	\$6,043,409	44%
96	Valero Energy	Joseph W. Gorder	\$13,924,832	\$19,922,417	\$5,997,585	43%
97	Gilead Sciences	Daniel P. O'Day	\$13,023,114	\$18,998,095	\$5,974,981	46%
98	Verizon Communications	Hans E. Vestberg	\$13,337,054	\$19,097,582	\$5,760,528	43%
99	General Dynamics	Phebe Novakovic	\$13,579,793	\$19,328,499	\$5,748,706	42%
100	Abbott Laboratories	Robert B. Ford	\$14,713,643	\$20,450,586	\$5,736,943	39%

APPENDIX D – FINANCIAL FUND MANAGERS’ OPPOSITION TO CEO PAY

This table summarizes more than 100 financial fund managers on their CEO pay votes at all S&P 500 companies and the 100 companies with the Most Overpaid CEOs.

FINANCIAL MANAGER	AUM IN BILLIONS	VOTES AGAINST S&P 500	VOTES AGAINST TOP100
abrdn	635	78%	92%
Achmea	104	74%	85%
Achmea Investment Management	131	74%	89%
Advance Asset Management (Multi-Managed)	29	6%	24%
AEGON Investment Management B.V	461	17%	44%
AGF Investments Inc.	38	8%	29%
AllianceBernstein LP	640	8%	33%
Allianz Global Investors	743	92%	93%
American Beacon Advisors, Inc.	60	2%	4%
American Century	209	12%	46%
Amundi Asset Management	1794	72%	79%
Amundi Asset Management (Japan)	40	74%	82%
Amundi Asset Management US	94	11%	39%
Andra AP-Fonden	35	97%	98%
AQR Capital Management LLC	164	10%	40%
Artemis Investment Management LLP	35	21%	32%
Artisan Partners	159	9%	26%
Assetmark, Inc.	47	12%	46%
ATP	119	62%	87%
Aviva Investors	405	83%	98%
AXA Investment Managers	94	68%	84%
BAMCO Inc.	47	18%	36%
Baring Asset Management	40	11%	43%
Barings LLC	382	12%	40%
Barrow, Hanley, Mewhinney & Strauss, LLC	50	11%	24%
Bessemer Investment Management LLC	47	12%	42%
BlackRock Inc.	9496	4%	21%
BMO Global Asset Management	263	70%	80%
BNP Paribas Asset Management	48	90%	91%
BNY Mellon	1800	20%	37%
Boston Management and Research	99	10%	37%
Boston Partners	87	8%	25%
Brandywine Global Investment Management	65	8%	31%
Brown Advisory LLC	88	7%	24%
Calamos Advisors LLC	31	0%	0%
Calvert Research and Management, Inc.	28	41%	66%
CANDRIAM	128	85%	86%
Capital Group	2600	8%	29%
Charles Schwab Investment Management, Inc.	610	13%	51%
CI Investments	131	7%	31%
CIBC Global Asset Management	110	11%	44%
City National Rochdale, LLC	46	11%	35%
ClearBridge Investments LLC	179	7%	24%
Columbia Threadneedle UK	468	13%	44%

FINANCIAL MANAGER	AUM IN BILLIONS	VOTES AGAINST S&P 500	VOTES AGAINST TOP100
Columbia Threadneedle US	459	13%	49%
Connor, Clark & Lunn Investment Management Ltd.	37	10%	42%
Credit Suisse Asset Management LLC	508	71%	73%
D.E. Shaw Investment Management	34	11%	47%
Danske Bank A/S	177	10%	42%
Delaware Management Company (Macquarie)	257	7%	26%
Desjardins Funds	42	83%	87%
Dimensional Fund Advisors, Inc.	651	18%	62%
DWS Investment GmbH	859	18%	41%
DWS Investment Management Americas, Inc.	201	11%	43%
Eaton Vance Management, Inc.	73	7%	28%
Epoch Investment Partners	31	7%	35%
Erste Asset Management	66	13%	41%
Federated Hermes Equity Ownership Services	44	62%	85%
Federated Investment Management Co.	407	5%	21%
Fidelity Institutional Asset Management	140	4%	17%
Fidelity International	401	13%	25%
Fidelity Management & Research Co. (FMR)	4195	4%	17%
First Pacific Advisors LLC	27	4%	17%
First Sentier Investors	155	24%	59%
First Trust Advisors LP	172	10%	43%
First Trust Portfolios Canada	28	11%	53%
Franklin Templeton Investments	1572	7%	31%
Fred Alger Management, Inc	37	17%	61%
GAM Holding Ltd.	133	17%	48%
GE Asset Management, Inc.	110	8%	28%
Geode Capital Management	682	6%	28%
Global X Management Co. LLC	21	16%	55%
Goldman Sachs Asset Management LP	2305	10%	42%
Grantham, Mayo, Van Otterloo Co. LLC	64	12%	32%
Guardian Capital Group Limited	30	11%	30%
Harbor Capital Advisors, Inc	63	10%	34%
Harris Associates	120	0%	0%
HostPlus	24	69%	82%
HSBC Global Asset Management	621	41%	71%
IFM Investors	87	11%	45%
INTECH Investment Management LLC	46	8%	31%
Invesco Advisers, Inc.	703	8%	31%
Invesco Asset Management Limited	113	8%	33%
Invesco Canada Ltd.	25	8%	27%
Invesco Capital Management LLC	334	9%	34%
Investors Group	118	8%	29%
Irish Life Investment Managers Limited	107	14%	51%
Jackson National Asset Management, LLC	261	8%	35%

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FINANCIAL MANAGER	AUM IN BILLIONS	VOTES AGAINST S&P 500	VOTES AGAINST TOP100
Janus Henderson Group PLC	402	9%	38%
Janus Henderson Investors (US)	236	7%	21%
Jarislowsky Fraser Limited	36	40%	69%
Jennison Associates LLC	224	12%	44%
JP Morgan	2987	7%	27%
Lazard Asset Management LLC	168	8%	31%
Legal & General Investment Management	1327	42%	71%
Lombard Odier Investment Managers	45	12%	41%
Loomis, Sayles & Co. LP	264	12%	34%
Lord Abbett & Co. LLC	219	5%	19%
Los Angeles Capital Management and Equity Research, Inc.	29	13%	49%
LSV Asset Management	104	14%	44%
Lyxor	156	36%	43%
M&G Investments	360	9%	32%
MackKay Shields LLC	154	10%	41%
Mackenzie Financial Corporation	142	7%	30%
Manning & Napier Advisors LLC	20	13%	42%
Manulife Investment Management	214	10%	43%
Mason Street Advisors, LLC	29	5%	23%
Massachusetts Mutual Life Insurance Co.	771	3%	11%
MD Funds Management	30	10%	43%
MetLife Advisers, LLC	557	10%	43%
MFS Investment Management, Inc.	496	7%	29%
Morgan Stanley Investment Management, Inc.	1524	21%	55%
Mutual of America Capital Management Corporation	20	10%	44%
Nationwide Fund Advisors	84	10%	38%
Neuberger Berman Group	317	8%	31%
New York Life Investment Management LLC	106	9%	36%
Newton Investment Management	60	40%	53%
NFJ Investment Group LLC	20	11%	35%
Ninety One	131	25%	61%
Nordea Investment Management	667	84%	92%
Northern Trust Investments	1539	5%	25%
Nuveen Asset Management LLC	242	12%	49%
Old Mutual PLC	48	20%	58%
PanAgora Asset Management, Inc.	38	11%	44%
Parametric Portfolio Associates, LLC	313	27%	64%
Pendal Group	69	16%	46%
Penn Mutual Asset Management, LLC	20	4%	15%
Pictet Asset Management Limited	273	11%	43%
PineBridge Investments LLC	58	12%	42%
PRIMECAP Management Co.	143	5%	14%
Principal Global Investors LLC	392	8%	34%
ProShares	32	11%	44%

FINANCIAL MANAGER	AUM IN BILLIONS	VOTES AGAINST S&P 500	VOTES AGAINST TOP100
PSP Investments	127	10%	45%
Putnam Investment Management LLC	112	5%	16%
Quantitative Management Associates, LLC	122	16%	48%
Rafferty Asset Management, LLC	26	11%	44%
Railpen (RMPi)	39	80%	94%
RBC Global Asset Management, Inc.	476	10%	42%
Robeco/RobecoSAM	226	60%	89%
Robert W. Baird & Co., Inc.	232	5%	36%
Rosenberg Equities	22	71%	83%
Royal London Asset Management	156	61%	85%
Russell Investment Management Co.	330	21%	56%
Schroders PLC	968	21%	53%
Scotiabank	152	7%	22%
Securian Asset Management, Inc.	51	13%	50%
Segall Bryant & Hamill	20	11%	33%
SEI Investments Management Corp.	207	13%	50%
Signature Global Asset Management	37	12%	41%
SSgA Funds Management, Inc. (State Street)	3897	7%	34%
Sterling Capital Management LLC	70	14%	57%
Storebrand Asset Management	85	14%	40%
SunAmerica Asset Management Corp.	67	11%	45%
Swedbank Robur	154	95%	100%
Swisscanto	160	33%	54%
T. Rowe Price Associates, Inc.	1817	5%	23%
TCW Asset Management Co., Inc.	57	6%	10%
TD Asset Management	407	10%	43%
Thompson, Siegel & Walmsley	22	11%	30%
TIAA-CREF Asset Management LLC	264	9%	32%
TKP Investments	33	11%	43%
UBS Asset Management	1200	72%	81%
Union Investment	438	93%	97%
United Services Automobile Association (USAA)	155	5%	22%
Van Eck Associates Corp.	61	15%	47%
Vanguard Group, Inc.	8400	4%	23%
Victory Capital Management, Inc.	153	10%	43%
Voya Investment Management	213	7%	30%
Waddell & Reed Investment Management Co.	33	5%	18%
Wellington Management	1372	9%	32%
Wells Fargo Funds Management LLC	569	11%	43%
Wespath Investment Management	21	17%	55%

APPENDIX E – PENSION FUND OPPOSITION TO CEO PAY

Data provided by Insightia, a Diligent Brand.

FUND NAME	AUM IN BILLIONS	VOTES AGAINST S&P 500	VOTES AGAINST TOPI00
Alameda County Employees' Retirement Association	8	0%	0%
Alberta Investment Management Corporation (AIMco)	119	15%	51%
AP Pension (Danish Pension Fund)	20	11%	42%
APG (Dutch Pension Fund)	711	63%	78%
Arizona State Retirement System	41	24%	67%
ASR Nederland (Dutch Insurance Company)	67	10%	41%
AustralianSuper	99	72%	78%
Aware Super (Australian Pension Fund)	53	15%	45%
bpfBOUW (Dutch Pension Fund)	53	63%	78%
British Columbia Investment Management Corporation	171	36%	66%
Brunel Pension Partnership (British Pension Fund)	40	39%	68%
BVK Personalvorsorge des Kantons Zürich (Swiss Pension Fund)	32	24%	61%
Caisse de depot et placement du Quebec	307	6%	16%
California Public Employees' Retirement System (CalPERS)	499	44%	76%
California State Teachers' Retirement System (CalSTRS)	320	35%	69%
Canada Pension Plan Investment Board (CPIB)	410	15%	51%
Cbus Super (Australian Pension Fund)	34	13%	54%
Colorado PERA (Public Employees' Retirement Association of Colorado)	49	13%	52%
Connecticut Retirement Plans and Trust Funds	34	17%	52%
ESSSuper (Australian Pension Fund)	31	11%	50%
Fjarde Ap-Fonden	37	99%	100%
Florida State Board of Administration	206	70%	91%
Första AP-fonden (AP1)	34	97%	99%
Health Employees Superannuation Trust Australia	33	72%	83%
Illinois State Treasurer	23	43%	57%
Illinois State Universities Retirement System (SURS) (Multi-Managed)	23	22%	50%
Kansas City Firefighters' Pension System	0.673	39%	59%
KLP Kapitalforvaltning	60	14%	42%
Korea National Pension Service	610	33%	60%
Local Pensions Partnership (LPP) (British Pension Fund)	21	14%	40%
Los Angeles City Employees' Retirement System (LACERS)	23	10%	43%
Los Angeles County Employees Retirement Association (LACERA)	59	17%	55%
Los Angeles Fire & Police Pensions	21	13%	48%
Louisiana State Employees' Retirement System (LASERS)	14	26%	62%
Maine PERS	14	13%	49%
Manchester Pension Fund	29	63%	80%
Maryland State Retirement and Pension System	54	11%	44%
Massachusetts Pension Reserves Investment Management (PRIM)	78	27%	65%
Migros Pensionskasse (Swiss Pension Fund)	25	16%	42%
Minnesota State Board of Investment	129	72%	92%
MN (Dutch Pension Fund)	146	98%	100%
New Hampshire Retirement System	8	10%	43%
New Mexico Educational Retirement Board	13	11%	44%
New York City Pension Funds	216	32%	78%
New York State Common Retirement Fund	207	42%	77%

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FUND NAME	AUM IN BILLIONS	VOTES AGAINST S&P 500	VOTES AGAINST TOP100
New York State Teachers' Retirement System	121	41%	74%
Norges Bank Investment Management	1333	7%	27%
North Carolina Department of State Treasurer	94	14%	43%
Ohio Public Employees Retirement System (OPERS)	92	45%	79%
Ohio School Employees Retirement System (SERS)	14	14%	51%
Ohio State Teachers' Retirement System	81	10%	47%
Ontario Municipal Employees Retirement System (OMERS)	97	8%	22%
Ontario Teachers' Pension Plan	228	26%	55%
Orange County Employees Retirement System	16	14%	100%
Oregon Investment Council	112	24%	52%
Pennsylvania Public School Employees' Retirement System (PSERS)	59	13%	50%
Pennsylvania State Employees' Retirement System (SERS)	27	11%	46%
Pensioenfonds Metaal en Techniek (Dutch Pension Fund)	81	99%	100%
Pensionskasse SBB (Swiss Pension Fund)	17	71%	100%
Pensionskassernes Administration (PKA) (Swiss Pension Fund)	23	71%	82%
PGGM Investments (Dutch Pension Fund)	330	97%	98%
PSP Investments (Canadian Pension Fund)	127	10%	45%
Retail Employees Superannuation (Australian Pension Fund)	35	9%	24%
Rhode Island Office of the General Treasurer	8	54%	79%
San Francisco Employees Retirement System	25	37%	67%
SunSuper (Australian Pension Fund)	42	5%	23%
Tallahassee Pension Fund	0	0%	0%
Texas Education Agency	47	11%	43%
Texas Employees Retirement System	28	11%	42%
Texas Teacher Retirement System	182	11%	46%
University of California	126	82%	93%
Vermont Pension Investment Committee	4	44%	60%
Washington State Investment Board (WSIB)	142	12%	49%
Wisconsin State Investment Board (SWIB)	144	10%	44%

APPENDIX F – OVERPAID CEOS UNDERPERFORM YEAR AFTER YEAR

By HIP Investor (Onindo Khan and R. Paul Herman)

Since 2015, *As You Sow* and HIP Investor have identified the 100 Most Overpaid CEOs – and how the overpaid group lags the overall index peer group.

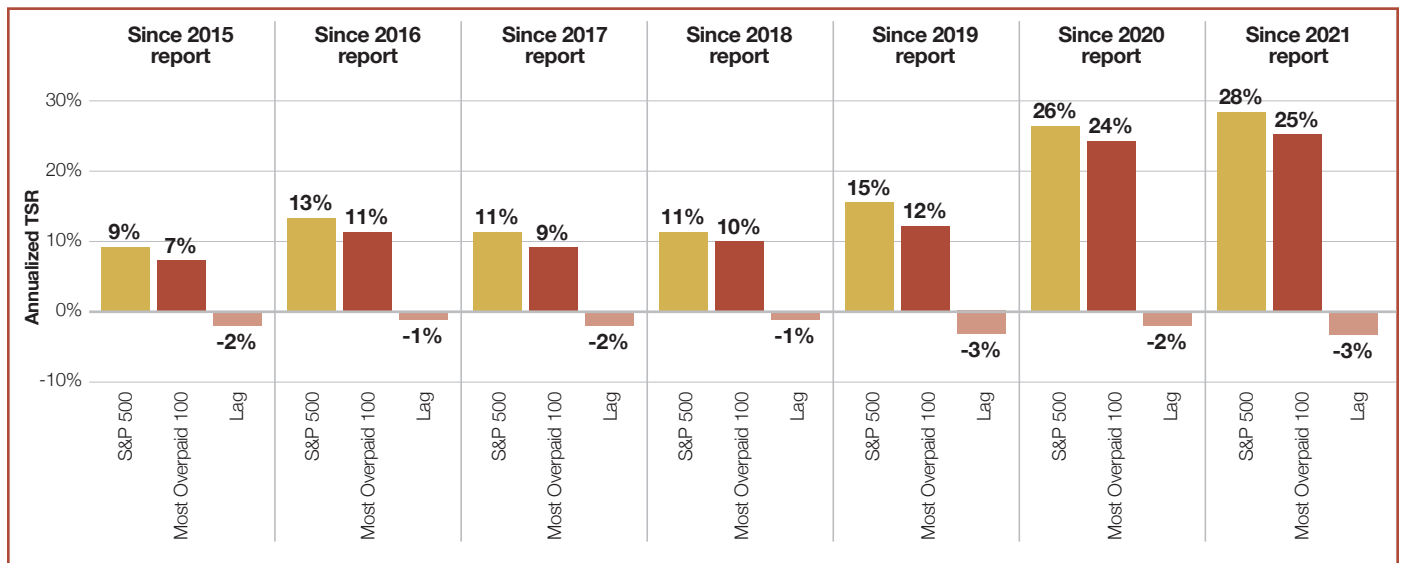
Over the years, while CEOs have turned over and companies have adapted their executive pay approach, each year’s list has had recurring overpaid CEOs, as well as newly overpaid CEOs.

Only seven companies have been named on each and every list over the past eight years, and a total of 270 different companies have been on the annual Most Overpaid CEOs list. However, the insights have remained consistent:

1. Despite assertions by pay experts that CEOs are rewarded for great performance, CEO compensation is typically not correlated to past stock return performance.¹⁶
2. Despite ongoing stock market records, a pandemic, and associated federal stimulus, annualized worker pay increases of 2percent dramatically lag annualized CEO pay increases of 16 percent or more, year over year.¹⁷
3. Despite the claim of competition for highly coveted leadership roles, the most highly paid CEOs earn obscene, unreasonable amounts, sometimes over \$100 million in a single year – 2,000 times the average worker in the U.S.
4. HIP Investor’s analysis shows that the companies with the 100 Most Overpaid CEOs have underperformed the equal-weighted average S&P 500 company for **each and every** report. Whether in 2015, 2016, 2017, 2018, 2019, 2020 or 2021, the lag in performance ranged from -1 percentage point to more than -3 percentage points.

FIGURE 1: THE MOST OVERPAID CEOS OF EACH REPORT SINCE 2015 HAVE LAGGED THE EQUAL WEIGHTED S&P 500

Annualized TSR since publishing of each Overpaid CEO report from the past six years: 2015 to year-end 2021



To avoid any single year and especially the COVID-19 year affecting our analysis unduly, we also considered the performance of the Most Overpaid 100 each year after they were named. From 2015 to 2019, the most overpaid CEOs firms lagged the year after being called out. Up to the date of the analysis, the 2021 most overpaid companies are on track to match the worst underperformance we have seen. Thus, the subsequent performance of the firms did not reflect the asserted excellence that would justify an exorbitant pay package.

A trivial investment strategy that can be designed based on the *As You Sow* report is to track the equal weighted S&P 500 but to divest, underweight, or even short-sell the companies published in the latest report. This strategy of investing in firms without overpaid CEOs could have gained +5 percentage points cumulative over the equal weighted S&P500 from 2015 to end of year 2021.

The inverse strategy of only tracking the worst 100 and updating them each year would have underperformed by more than **-20 percentage points cumulatively** across almost seven years.

If savvy investors sold, shorted, or underweighted the 100 Most Overpaid firms reported annually by *As You Sow*, those portfolios could have earned more than the stock market average.

This Most Overpaid CEO report can be a useful tool for investors, advisers, and fund managers and for 401(k) fiduciaries.

Overpaid CEOs are a warning- sign of investment risk – and can negatively impact your portfolio.

Your portfolio is your money. The companies and funds you invest in should be aligned with your values and way of seeing the world.

FIGURE 2: MOST OVERPAID 100 UNDERPERFORMS YEAR AFTER YEAR

Annualized TSR lag to equal weighted S&P 500 since publishing of each CEO Pay Report from 2015 to year-end 2021

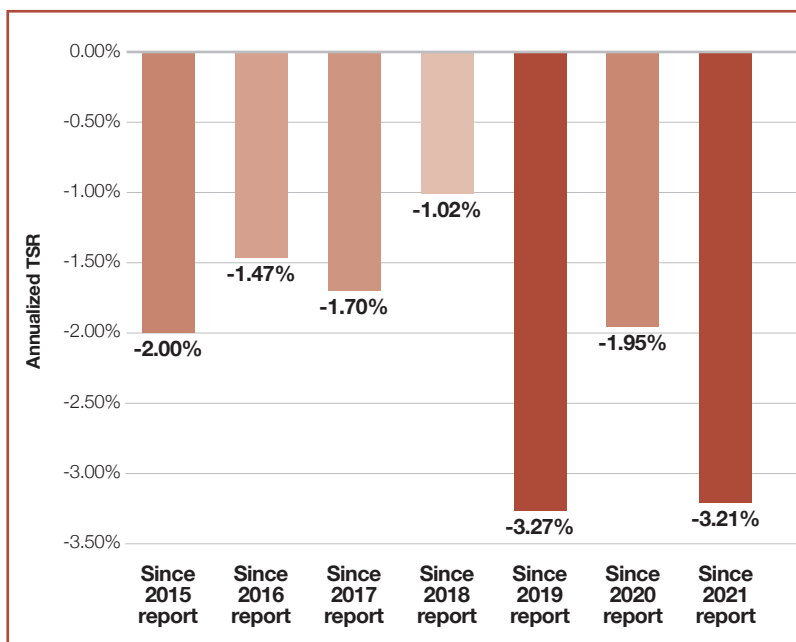
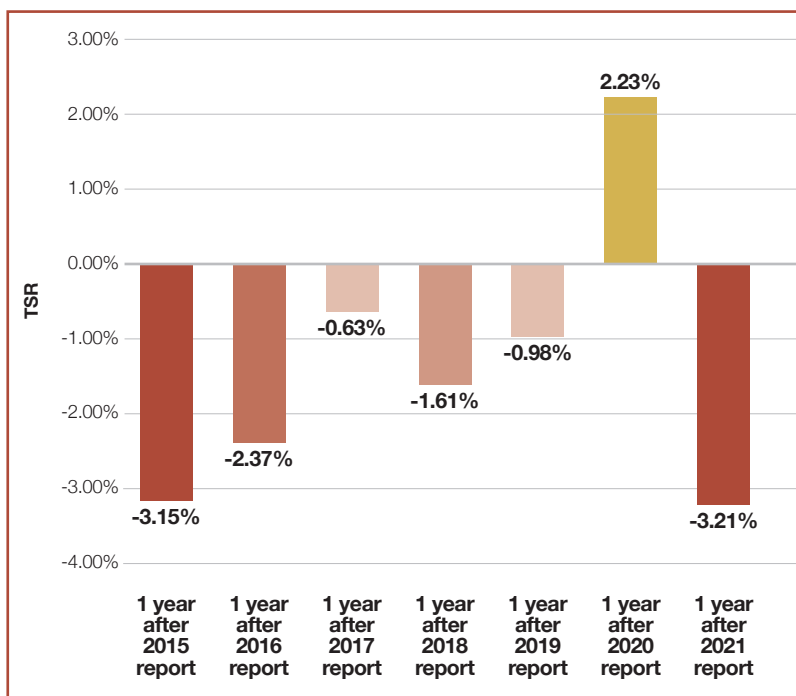


FIGURE 3: 100 MOST OVERPAID UNDERPERFORM MOST YEARS AFTER THEY ARE NAMED

Absolute TSR lag to equal weighted S&P 500 one year after publishing of each CEO Pay Report from 2015 to year-end 2021



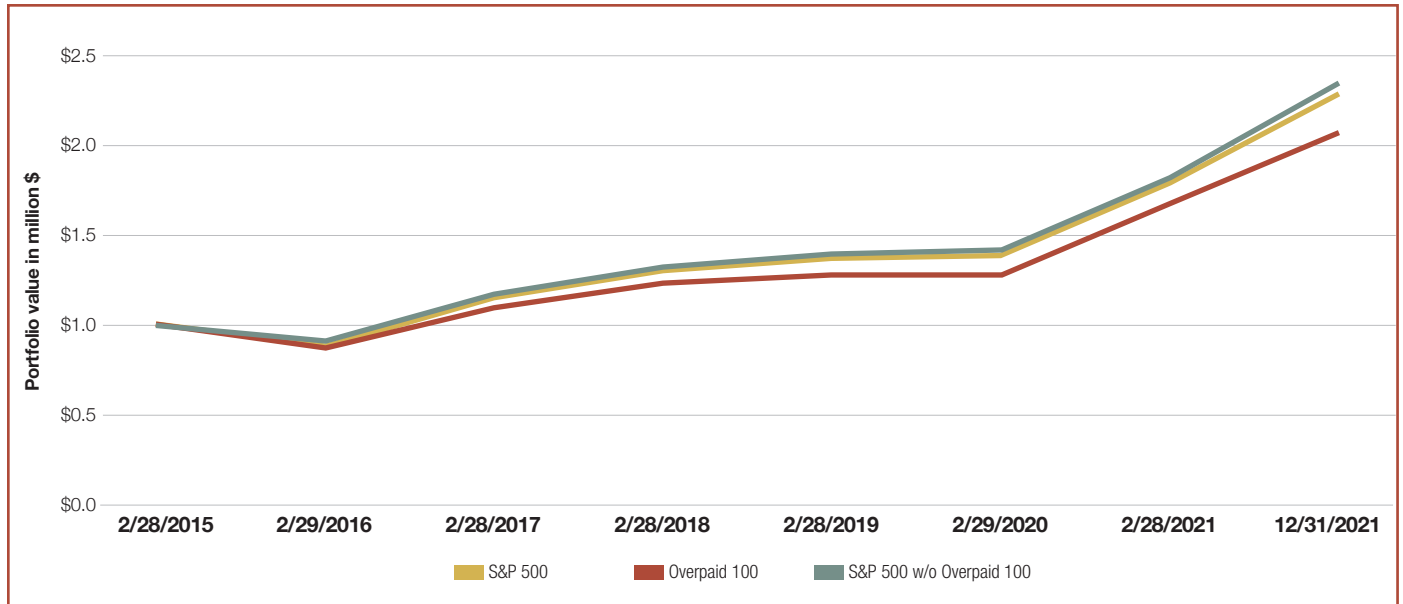
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However, the Most Overpaid CEO pay packages are approved by boards elected by you, the investor, and the mutual funds who hold their stocks.

We encourage you as investors to speak up, vote against Overpaid CEOs, and pressure the companies and funds in your portfolio with this evidence – which can benefit your long-term financial performance and a more appropriate level of rewards for results achieved.

FIGURE 4: PORTFOLIO EXCLUDING THE 100 MOST OVERPAID OUTPERFORMS

Value of portfolio comparing equal weighted S&P 500, Most Overpaid 100, and equal weighted S&P 500 excluding the 100 Most Overpaid from publishing of first report to end of year 2021



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