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As You Sow Targets CEO Pay in New Campaign

Walgreens among first companies approached to overhaul executive compensation policies

Adam Brown | Aug. 22, 2014

Shareholder advocacy group As You Sow has launched a campaign combining corporate engagement and institutional shareholder pressure to fight what it says are excessively high levels of executive compensation at US companies.

The group's Executive Compensation Initiative aims to identify those executives with the highest levels of unjustified pay, encourage companies to develop new performance criteria and reach out to shareholders to ensure money managers are accountable for their proxy votes on the issue.

'Our goal is to help shareholders, including mutual funds, pensions, foundation, endowments, and individuals to create proactive change in a broken system,' As You Sow says in a press release. 'The US leads the world in excessive executive compensation, to the detriment of shareholders. The current system of executive pay distorts incentives, exacerbates income inequality, and leads consumers and employees to think the game is rigged against them.'

The group says it has already started to tackle executive compensation policies at US drug retailing chain Walgreens, co-filing a shareholder resolution that demands the compensation committee of the company's board of directors include sustainability criteria when formulating executive pay incentive plans. The criteria would include energy efficiency, hazardous waste management and water conservation.

As You Sow says the median CEO pay in the US has risen to $10 mn in 2014 and that chief executives now make 300 times as much as their average employee. The group also cites a 2014 poll by the Huffington Post and YouGov showing that only 18 percent of US citizens think executive pay levels are appropriate.

The campaign will focus on four areas, including 'identifying the most overpaid executives, the money managers that approved the compensation plans, the consultants that proposed them, and the compensation committee board directors that approved their compensation packages.'

It will also encourage foundation and public funds to adopt voting guidelines to address unjustified compensation, work with companies to develop new performance criteria and engage shareholders to 'hold money managers accountable for their votes.'