

EA shareholders say no to massive proposed raises for executives



Enlarge / Some of the executives in this building may be getting less money than they expected this year, thanks to a shareholder vote.

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A significant majority of Electronic Arts shareholders voted against the company's executive compensation plans late last week. The vote follows a pressure campaign from activist

investor groups against what they see as excessive bonuses for executives at the company.

So-called “say-on-pay” votes rarely fail when put before shareholders of major publicly held companies; a recent Harvard Business School study showed well below 3 percent of such votes failing in the last decade or so. And while the results of the vote aren’t binding on the company’s board of directors, they would have to overrule a full 68 percent of the company’s voting shares that rejected the pay plan.

The rejected payment plan included a proposed \$21.37 million in total compensation for CEO Andrew Wilson in the 2020 fiscal year, up from \$18.3 million in 2019. Other executives were set to see much larger bumps, including CFO Blake Jorgensen (\$9.41 million in 2019 to \$19.5 million in 2020) and Chief Studios Officer Laura Miele (\$6.95 million to \$16.1 million), and CTO Kenneth Moss (\$6.95 million to \$14.2 million).

An assortment of investor groups rallied against EA’s proposed compensation plan ahead of the vote, including influential proxy vote advisors Institutional Shareholder Services and union-affiliated CtW Investment Group. Public employee retirement funds in New York and California followed those groups’ lead in voting against the proposal, helping lead to its defeat.

“Shareholders issued a resounding rebuke of Electronic Arts’ deeply flawed executive pay practices that does not incentivize executives to create long-term value,” CtW Executive Director Dieter Waizenegger said in a statement. “This vote is a clarion call for the board to stop piling awards on top of awards for top executives and make sure that the company develops a pay philosophy that is focused on talent development and retention throughout all levels of the company.”

Earlier this year, CtW also led a public campaign against what

it says is excessive executive pay at Activision Blizzard, including nearly \$30 million in compensation for CEO Bobby Kotick. While Activision Blizzard's compensation plan passed earlier this summer, it did so with the support of less than 60 percent of all voting shares, a record low for the company.

The moves against video game executive pay come as employees at Activision Blizzard have banded together to share anonymous salary information, as first reported by Bloomberg News. The results of that survey show vast wage disparities across, and even within, different roles and demographic groups in the company.

According to public disclosures for 2019, Kotick's compensation was 319 times the median salary of an Activision employee, while Wilson's was 200 times the median EA employee salary. That's compared to an average CEO-to-median-worker ratio of 264-to-1 for the S&P 500, according to data collected by the AFL-CIO.

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