Investors argue against excessive pay package for Activision CEO



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A major investment group with substantial holdings in Activision stock is speaking out this week against the high compensation for Activision Blizzard CEO Bobby Kotick. The move comes ahead of a shareholder vote on executive pay scheduled for June 11.

“Over the past four years, Activision Blizzard CEO Robert Kotick has received over $20 million in combined stock/option equity per year,” the CtW investment group writes in a letter filed with the SEC this week. “These equity grants have consistently been larger than the total pay (the sum of base salary, annual bonus, and equity pay) of CEO peers at similar companies.”

CtW—which works with union-sponsored pension funds to speak out against “irresponsible and unethical corporate behavior and excessive executive pay”—said Kotick’s excessive compensation is especially concerning in light of the wave of nearly 800 layoffs the company rolled out in 2019. Those layoffs were implemented amid the announcement of “record results in 2018” for Activision and reportedly focused on “non-development teams” that were no longer needed thanks to a lighter slate of releases from the company going forward.

In a statement provided to GameSpot, Activision defended Kotick’s high pay, noting that over 90 percent of that compensation is based on the performance of the company’s stock. Activision’s market capitalization has “increased from less than $10 million to over $53 billion dollars” since Kotick started as CEO in 1991, the company said.

“In the last five years, Activision Blizzard’s share price has outperformed the S&P 500 by more than 120% and over the past 20 years, under Mr. Kotick’s leadership, Activision Blizzard’s share price has outperformed the S&P 500 by over 11,000%,” the company told GameSpot.

What is “excessive pay,” anyway?

Kotick’s high pay isn’t a new issue for investment groups. Proxy voting advisory group Institutional Shareholder Services (ISS) has recommended similar votes against Activision’s executive pay schemes since 2012, when Kotick’s $64.9 million in compensation made him the second-best-paid CEO in the country. Advisory firm Glass Lewis also recommended against approving Kotick’s pay package from 2012 through 2018, before flipping to support the vote in more recent years.



Enlarge / Activision Blizzard CEO Bobby Kotick.

In an April SEC filing, Activision said the ISS recommendation against its executive pay package (which CtW cites heavily in its letter) was based on a “faulty analysis” with a number of technical errors. “We also believe the ISS analysis fails to give adequate credit to the Company’s historically strong financial and operational results which continue to this day, even in these historically difficult times,” the company wrote.

In 2019, shareholder advocacy group As You Sow put Kotick at No. 45 on its “most overpaid CEOs” list, arguing that almost

$13 million of his $28.7 million in pay that year was excessive, based on total shareholder returns. Electronic Arts CEO Andrew Wilson appeared on that list at No. 98.

A full 92 percent of Activision shareholders voted to approve Kotick’s pay in June 2018. According to public disclosures for 2018, Kotick’s pay is 319 times the median salary of an Activision employee, compared to a 142x average multiplier for the S&P 500 as a whole.

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