



economic inequality by nayeli  
zimmermann from the Noun  
Project

# Wealth & Pay Disparity

Seventh Generation Interfaith  
November 19, 2021

# Welcome!

- ▶ Participants will be in listen only mode until the Q&A section. You can also enter questions into the Chat.
- ▶ We will make a recording, and make it available via our website.

# Our Itinerary

- ▶ **Introduction**
- ▶ **Brandon Rees**
- ▶ **Rosanna Landis Weaver**
- ▶ **Questions and Answers**

# Our Companions

- ▶ **Brandon Rees**, Deputy Director Corporations and Capital Markets, AFL-CIO
  
- ▶ **Rosanna Landis Weaver**, Wage Justice & Executive Pay Program Manager, As You Sow



# Reflection:



# Our Itinerary

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# AFL-CIO

AMERICA'S UNIONS

Brandon Rees, Deputy Director  
Corporations and Capital Markets

## Executive Paywatch

In 2020, CEOs of S&P 500 companies received, on average, \$15.5 million in total compensation.

The average S&P 500 company CEO-to-worker pay ratio was 299-to-1.

Passage of the Protecting the Right to Organize (PRO) Act to give workers freedom to organize a union will help restore balance between the pay of CEOs and working people.



# AFL-CIO

Paywatch

Highest-Paid CEOs

Company Pay Ratios

Filter by Ticker, Company or CEO

- Industry -

- State -

RUSSELL 3000

SEP 500

Ticker	Company	CEO	Year	CEO Pay ▼
PLTK	Playtika Holding Corp.	Robert Antokol	2020	\$372,008,176
PAYC	Paycom Software, Inc.	Chad Richison	2020	\$211,131,206
ONEM	1Life Healthcare, Inc.	Amir Rubin	2020	\$199,053,051
RH	RH	Gary Friedman	2021	\$178,007,868
ATVI	Activision Blizzard, Inc.	Robert Kotick	2020	\$154,613,318
REGN	Regeneron Pharmaceuticals, Inc.	Leonard Schleifer	2020	\$135,350,121
GH	Guardant Health, Inc.	Helmy Eltoukhy	2020	\$113,870,986

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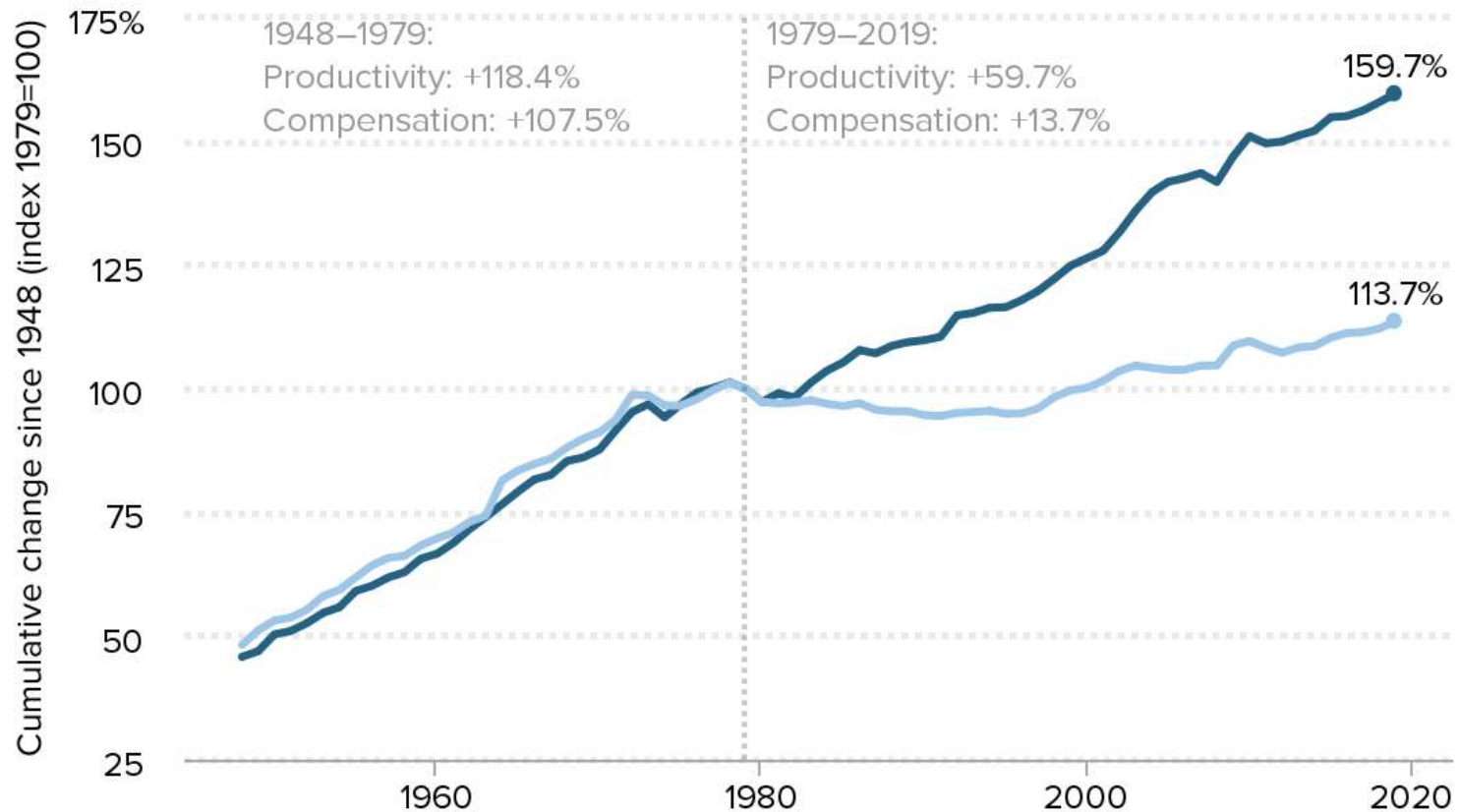
RUSSELL 3000

SGP 500

Ticker	Company	Median Worker Pay	Pay Ratio ▾
ANF	Abercrombie & Fitch Co.	\$1,820	6,565:1
APTV	Aptiv Plc	\$5,906	5,294:1
RH	RH	\$34,994	5,087:1
NUS	Nu Skin Enterprises, Inc.	\$1,339	4,956:1
WDC	Western Digital Corporation	\$7,719	4,934:1
YUMC	Yum China Holdings, Inc.	\$5,507	3,844:1
AMC	AMC Entertainment Holdings, Inc.	\$5,503	3,803:1

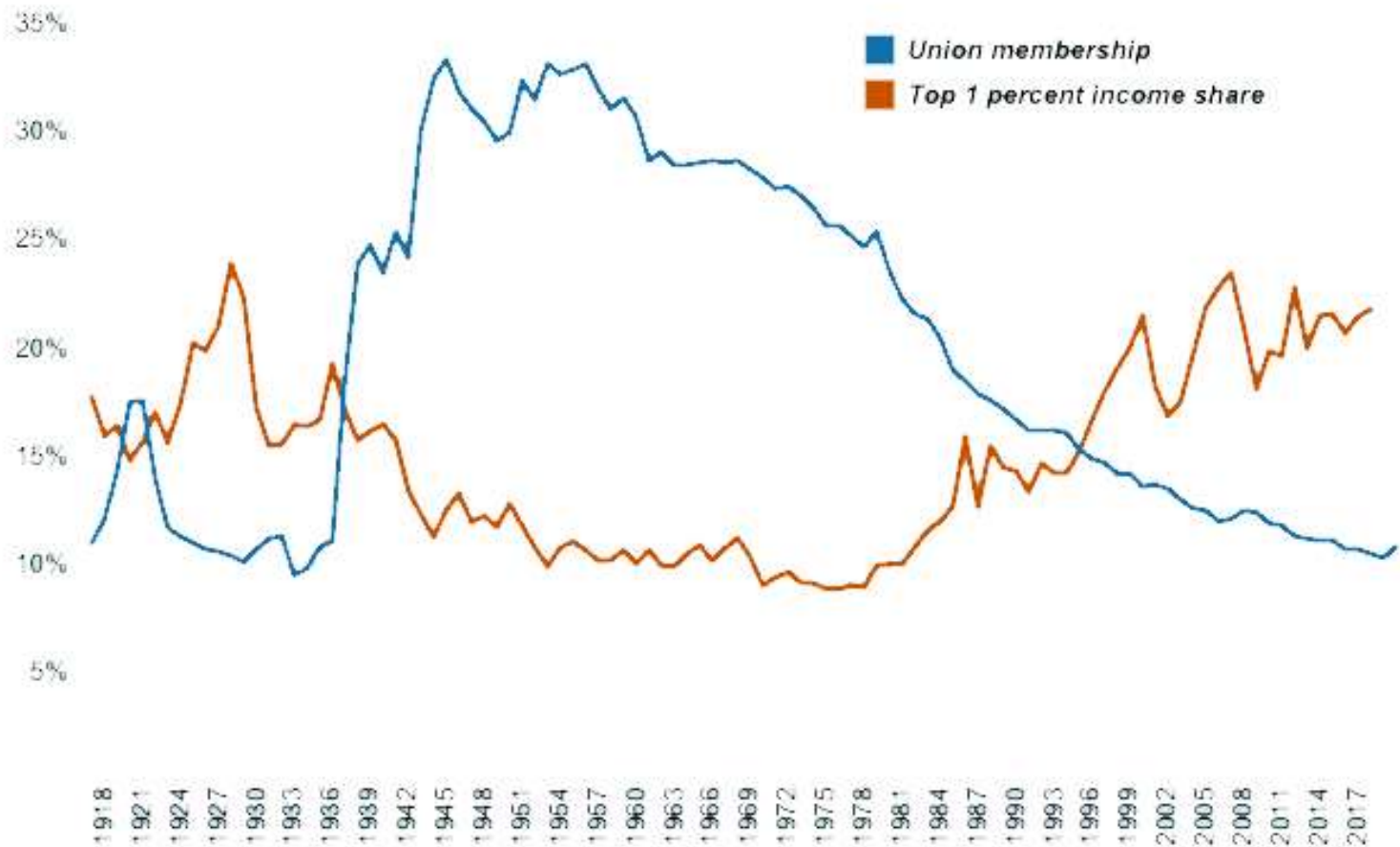
# The gap between productivity and a typical worker's compensation has increased dramatically since 1979

Productivity growth and hourly compensation growth, 1948–2019



## As Unions Decline, Inequality Becomes More Extreme

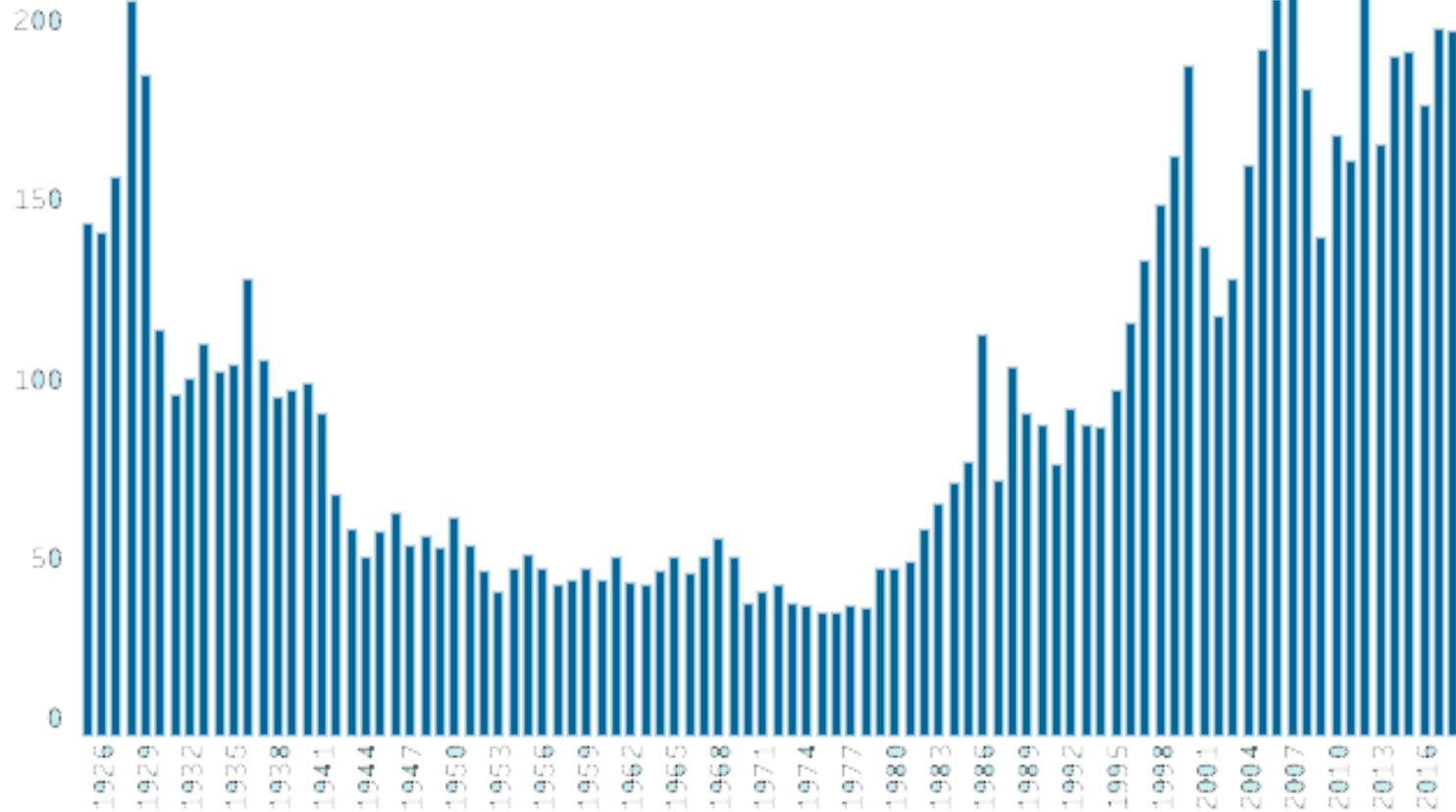
Top 1% U.S. income share, 1917 to 2018, & union members as a share of workforce, 1917 to 2020



Source: U.S. Bureau of Labor Statistics and Emmanuel Saez, University of Berkeley

# U.S. Inequality Has Returned to Gilded Age Levels

*Income of America's top 0.1% as a multiple of bottom 90% income, 1925-2018*



Source: Emmanuel Saez, UC Berkeley

# What can responsible investors do about income inequality?

- **Vote our proxies against runaway CEO pay**
  - Say-on-pay and golden parachute advisory votes
  - Executive pay and stock compensation plans
  - Compensation committee directors
- **Tell companies to improve their HCM practices**
  - Shareholder proposals
  - Investor sign on letters
  - Dialogue and engagement
- **Support improved SEC workforce disclosure rules**
  - Composition (full time vs. part time vs. contingent)
  - Compensation (wages and benefits)
  - Retention and turnover rates
  - Diversity, equity and inclusion

**BUILD BACK  
BETTER WITH  
UNIONS**  
PASS THE PRO ACT  
AFL-CIO

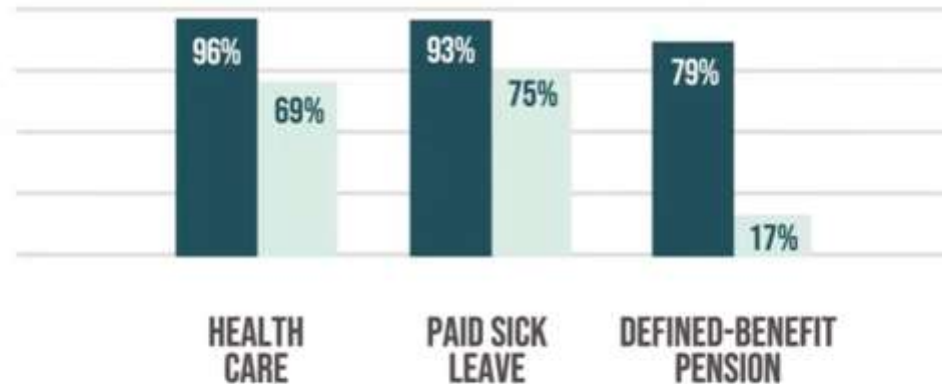
## THE UNION DIFFERENCE HIGHER WAGES



A worker covered by a union contract earns, on average, 11.2% more in wages than a peer with similar education, occupation and experience in a nonunionized workplace in the same sector.

## UNION MEMBERS ARE MORE LIKELY TO HAVE HEALTH AND PENSION BENEFITS

Percent of Civilian Workers with Access to  
Selected Benefit Programs, 2020



Source: U.S. Department of Labor National Compensation Survey

■ UNION ■ NONUNION

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In 1968 the U.S. minimum wage was \$1.60. If it had kept up with income growth & distribution overall, it would now be **\$21.16** per hour. Instead it's \$7.25. The kitten is only here to get your attention.



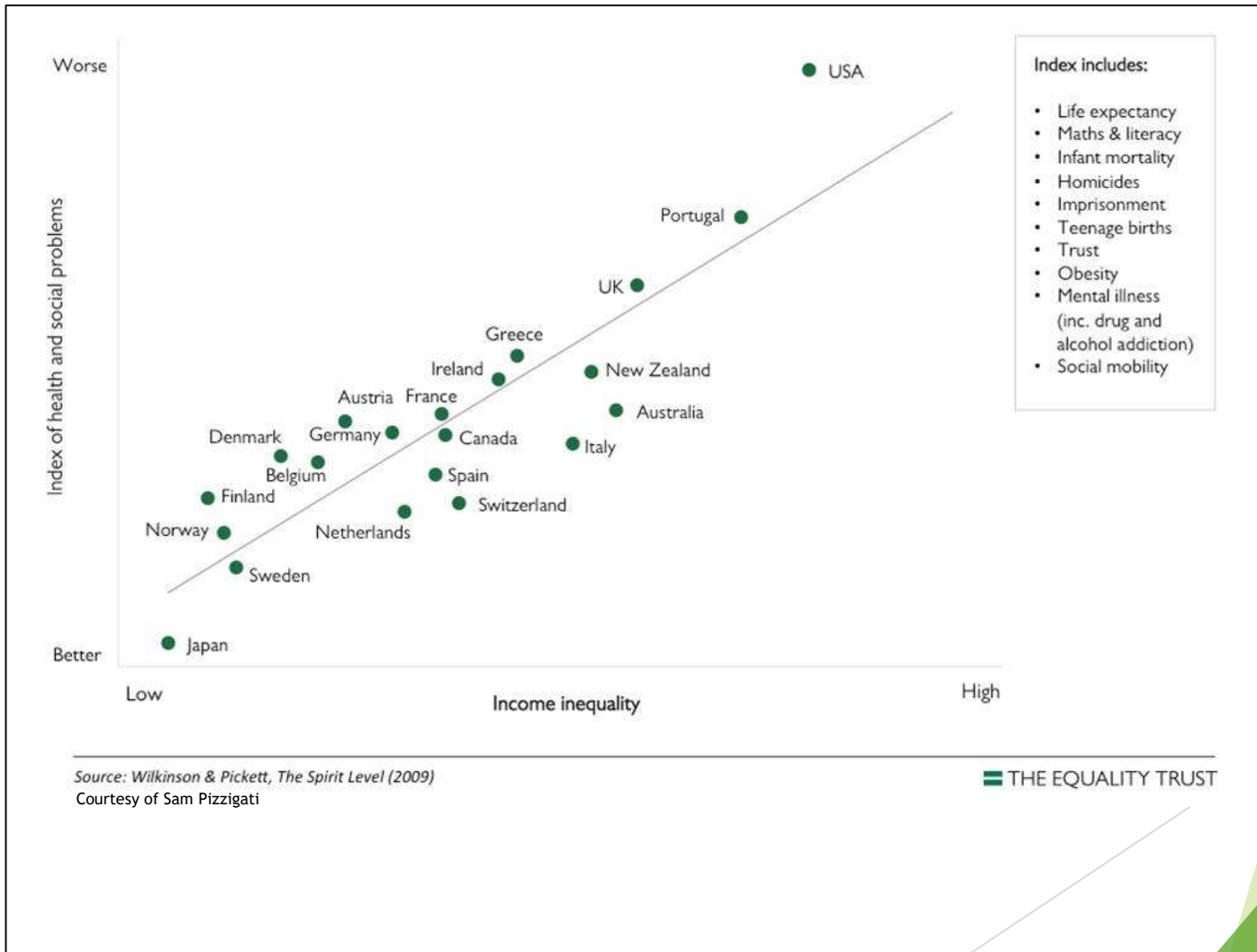
Punch apathy in the dick.  
Subscribe at [YouTube.com/MomentOfClarityShow](https://www.youtube.com/MomentOfClarityShow)

LEECAMP.NET

# Income Inequality In West Led by USA

*“The health and social problems we looked at are between twice and 10 times as common in more unequal societies.”*

Richard Wilkinson and Kate Pickett



Source: Wilkinson & Pickett, *The Spirit Level* (2009)  
Courtesy of Sam Pizzigati

THE EQUALITY TRUST

# Growth in CEO Pay Beats S&P500 - and Worker Pay Again



Annual Growth Rate	Average Worker Pay	S&P500 index investment	Average CEO Pay (top 350)
1965-2018	0.6%	2.9%	5.9%
1995-2018	0.8%	5.0%	5.2%

Source: EPI.org analysis of [CEO Pay](#); indexing and research by HIP Investor



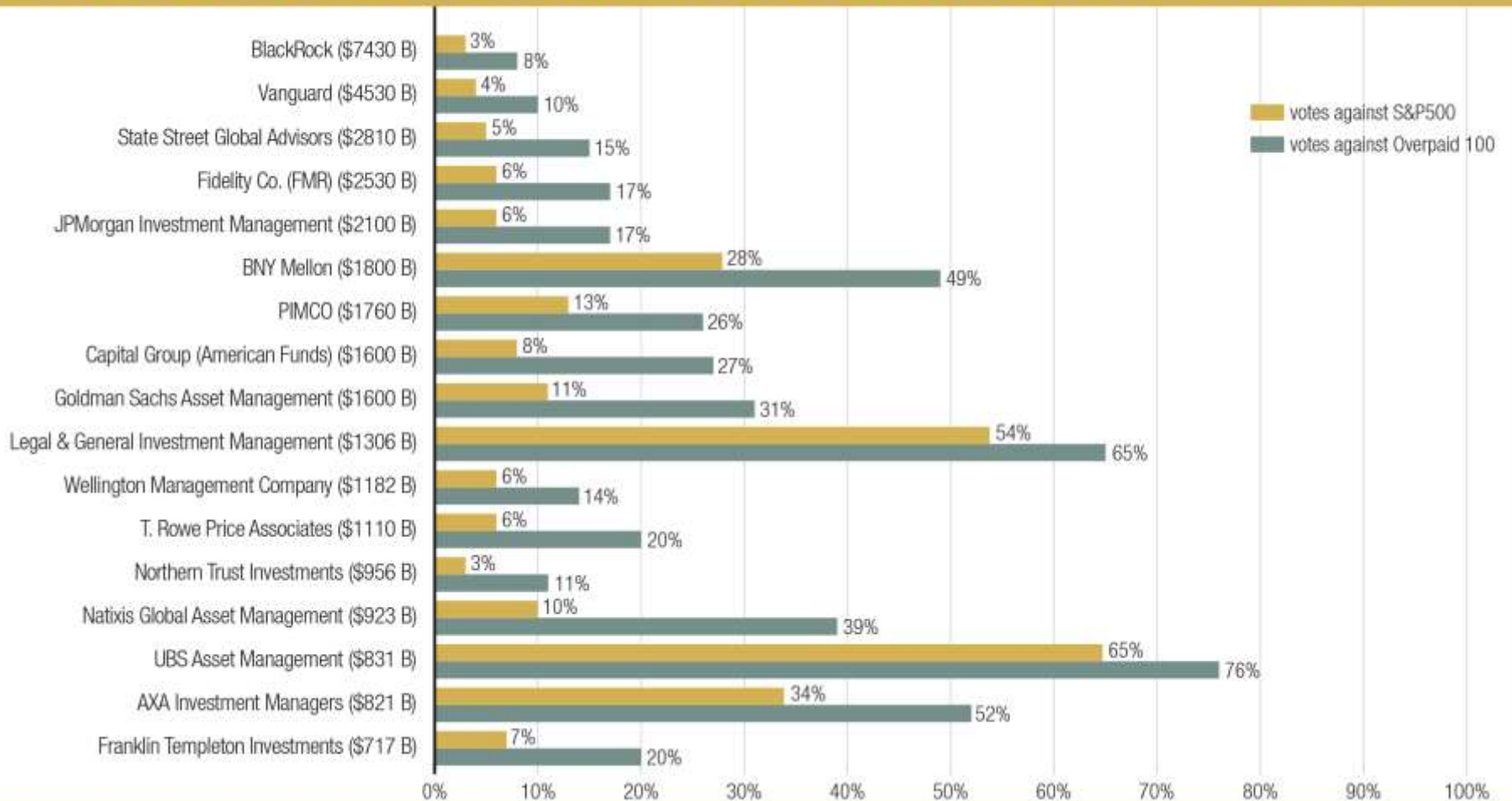
# THE 100 MOST OVERPAID CEOs

Are Fund Managers  
Asleep at The Wheel?

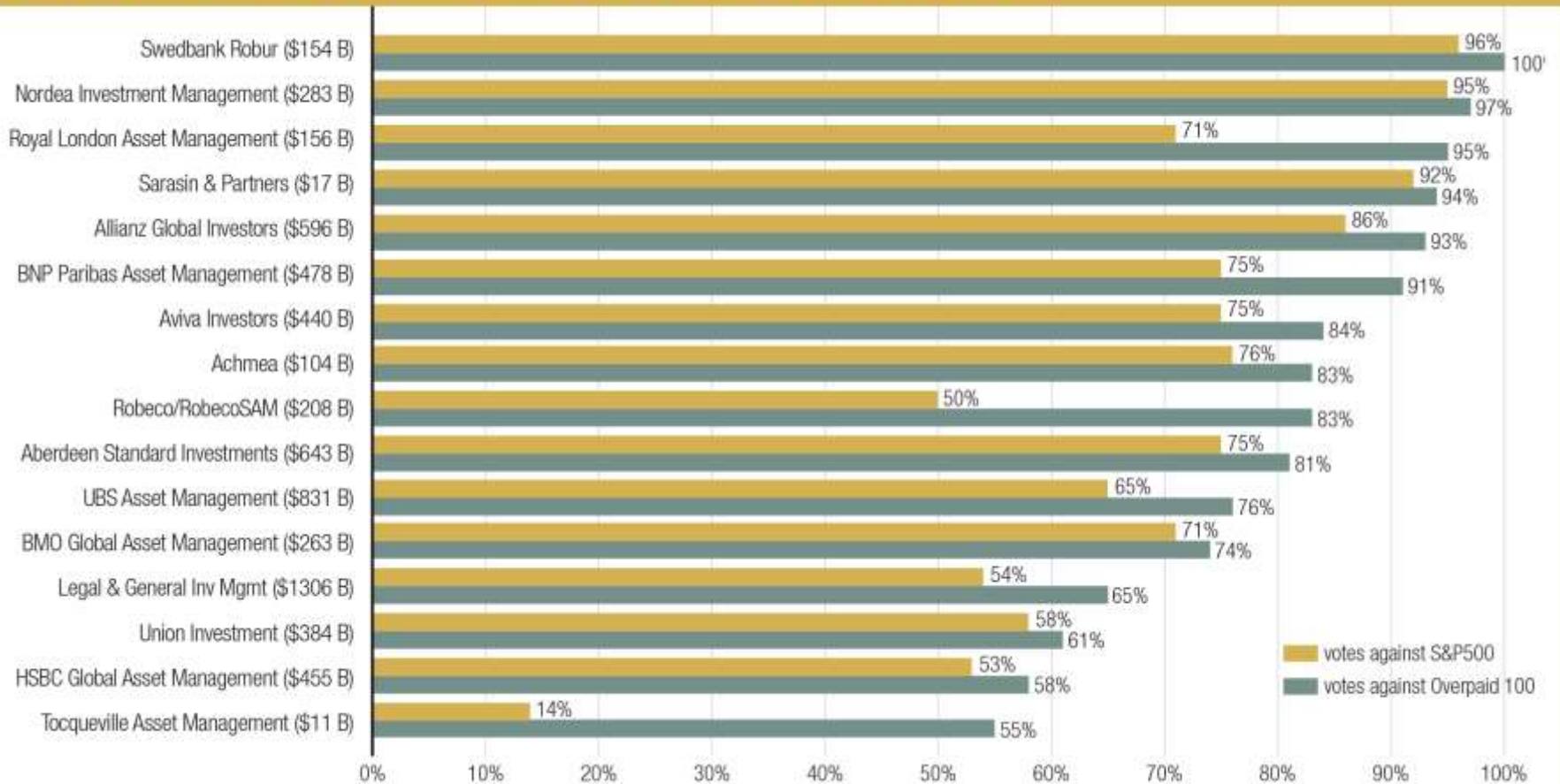


AS YOU SOW®

## OPPOSITION TO CEO PAY PACKAGES BY LARGE FINANCIAL MANAGERS



## FUND MANAGERS MOST LIKELY TO OPPOSE CEO PAY



# Shareholders Care About Fairness

## NEI Investments

- ▶ “We believe that increasing pay disparity within companies is not only a fairness issue, but also a potential business risk.” Specifically, they note, “A disconnect between executive compensation and salaries at lower levels of the company may de-motivate employees, and thus undermine the strategic objective of attracting and retaining talented people. Concerns have also been raised that compensation design and high pay levels for top executives do not take into account how people are actually motivated and lead to needlessly complex pay disclosure in proxy circulars.”

## Aviva Investors

- ▶ “A strong tone from the top in sharing the burden of austerity is essential in maintaining staff morale during challenging periods. Fairness and equality need to be more prominent principles in shaping the culture of executive pay.”

# Pay Ratio Disclosure

- ▶ Dodd Frank passed 2010, Provision 953b was single sentence
- ▶ August 5, 2015 SEC commissioners approved implementation, but did not begin to appear for a few years after
- ▶ With multiple years of data since required corporate disclosure began to appear, investors are now able to track changes over time
- ▶ Should be part of every engagement - quick basic research may inspire questions, or use framework for other topics. “Do you know what percentage of women employees are earning below the median?”



# Shareholders who reference ratio/alignment in guidelines

## NorthStar

- ▶ Used a ratio of 100 based on Bureau of Labor Statistics Data; now policy is more stringent

## As You Sow

- ▶ As You Vote - 100

## Castlefields Investment Partners

- ▶ “Where executive base salary is in excess of between 30-35 times the UK median salary and 60-65 times that of the lowest paid employee, executive pay should be deemed excessive and remuneration should be voted AGAINST. The lower multiple should be enforced where the company in question is not a living wage employer.”

## Gam Switzerland

- ▶ Vote against executive compensation if pay arrangements for Executive directors, in particular salary increases or pension benefits, are not aligned with the rest of the workforce.

## Groupama

- ▶ Any increase in the fixed part of the compensation must be explained and linked to the evolution of the pay ratio. With multiple years of data since required corporate disclosure began to appear, investors are now able to track changes over time.
- ▶ The evolution of this ratio must be consistent with the evolution of performance. An unjustified increase of this ratio is likely to motivate a negative vote on a proposal to increase the fixed compensation of executives.

# What's the right ratio?

"Plato told Aristotle no one should make more than five times the pay of the lowest member of society. J.P. Morgan said 20 times. Jesus advocated a negative differential-- that's why they killed him."

- reformed compensation consultant Graef Crystal, 1998

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# Questions



# Thank you to our Companions

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- ▶ **Rosanna Landis Weaver**, Wage  
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# Thank You

[SeventhGenerationInterfaith.org](http://SeventhGenerationInterfaith.org)