A COMMITMENT TO CHANGE? CEO PAY AND ALIGNMENT WITH ENVIRONMENTAL, SOCIAL, AND GOVERNANCE OBJECTIVES

Monica Banyi *, Rebecca A. Bull Schaefer **

* *Corresponding author*, School of Business Administration, Gonzaga University, Spokane, the USA
Contact details: School of Business Administration, Gonzaga University, 502 E. Boone Ave, AD BOX 9, Spokane, WA 99258, the USA
** School of Business Administration, Gonzaga University, Spokane, the USA

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Abstract

In the 2019 Business Roundtable "Statement on the Purpose of a Corporation", over two hundred executives committed to expanding the focus of their respective corporations beyond shareholder primacy. Following advice from agency theory, compensation committees traditionally seek to align executive pay with desired organizational outcomes. Our qualitative study examines whether the signatories made discernible changes to executive compensation structures to align executive incentives with a broader stakeholder view. We observe the compensation committee reports of 135 signatory firms' proxy statements for the fiscal year ending 2020, to identify whether each firm's incentive compensation structure included measures aligned with the firm's commitment to a stakeholder focus. Nearly half of the sample firms continued to reward executives exclusively using measures to assess financial objectives, although thirteen made promises to include stakeholder corporate performance measures in their 2021 compensation programs. Although most leaders say they act in all stakeholder interests, we do not find evidence that these leaders are incentivized to implement the strategic and organizational changes to ensure their firms consider the environmental, social, and sustainable implications of their decisions. Future research should follow these firms' financial performance to observe strategic consequences to action versus inaction to change.

Keywords: Executive Compensation, Stakeholder Interest, ESG

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1. INTRODUCTION

Executive compensation is a controversial topic. Regarding governance and alignment of incentives, research in economics, accounting, and management have observed levels of pay, pay mix, and alignment with organizational returns. Recently, non-shareholder stakeholders have called for compensation committees to reexamine the executive pay structure. The Economic Policy Institute cited that in 2020, chief executive officers (CEOs) made 351 times more than a typical worker (Mishel & Kandra, 2021). Public outcry targeting CEO pay levels and shareholder primacy has encouraged compensation committees to reconsider CEO pay levels and mix (Spector, 2018). Moreover, celebrity CEOs like Jack Dorsey (Twitter), Larry Ellison (Oracle), Elon Musk (Tesla), and Mark Zuckerberg (Facebook) have insisted that they should not be paid a salary (Gillett & Perino, 2019) and instead paid solely using long-term incentives (capital gains). While this choice may seem to some like a response to pay inequity within a firm, it is a direct acknowledgement that their executive decisions are solely linked to maximizing shareholder wealth. In 2019, *The Business Roundtable* (BRT)[1] cooperative signed a collective agreement to make changes in their organizations to demonstrate their value to customers, employees, environment, and shareholders. To date, over 240 executives have signed the agreement. Using the logic of agency theory, it should follow that if these executives have compensation packages that align their interests with a broader set of stakeholder concerns, then these operational goals are more likely to be met. Changing how executives are incentivized "would be an act of true leadership" (Spector, 2018, p. 347). If the BRT signatories want to address other stakeholder interests, they will need to commit to changing how they themselves are paid to align with those interests (Tharp & Freeman, 2021). With such a bold statement from a powerful group, our research team was curious to discover to what degree these companies have engaged in actions to support their signatures. Was this collective agreement only words or a sign of inspiration turned to action?

Immediately after the agreement was declared, Harrison, Phillips, and Freeman (2020) questioned whether simply signing a document will change anything at the BRT firms. They put out a call to research to see how corporate ownership preferences are translating into changes in executive decisions and structures. This paper answers this call and examines the extent that the BRT CEO group has translated their agreement for change into CEO pay structures which motivate a firm's commitment to all stakeholders of the corporation. Specifically, our paper observes the degree to which CEO pay structures have changed to match their strategic commitments to organizational outcomes related to environmental, social, and governance (ESG) concerns. While recent surveys have highlighted a growing number of U.S. corporations including qualitative and quantitative social performance measures in their executive compensation programs[2], our research utilizes a sample of firms that voluntarily pledged to operate their companies to the benefit of all stakeholders. Specifically, this paper seeks to answer whether the public pledge of the BRT firms to act as agents for all stakeholders translated into creating executive incentive structures which motivated and encouraged executives to make strategic, operating and financing decisions that aligned with these new commitments.

The paper is organized as follows. First, in Section 2, we summarize research concerning agency theory and alignment of pay with organizational sought outcomes. In addition, we review the regulatory landscape impacting CEO pay programs, and introduce the research questions that guided our investigation. Next, in Section 3, we describe our qualitative study of proxy statements and speak to the results in Section 4. Finally, in Section 5, we interpret findings related to the research questions, and Section 6 concludes the study by suggesting the next steps in pay alignment research and practice.

2. LITERATURE REVIEW

2.1. Agency theory

Agency theory proposes that agents of a firm will act in their own interests above the firm's interests. Jensen and Murphy's (1990) article is often cited as justifying the use of stock incentives to link executive actions to organizational outcomes. As a result, the largest percentage of CEO pay lies in equity incentives (related to stock options, grants, and issues) (Core, Guay, & Larcker, 2003; Gerhart & Newman, 2020). Over 75% of U.S. companies link executive pay to organizational financial performance (Singer, 2012, p. 1). Compensation committees have ensured that CEOs are incentivized to make decisions that benefit shareholders above all other stakeholders. Theoretical arguments using agency theory to predict behaviors is simple and makes sense, but empirical research has found a mix of findings (Bosse & Phillip, 2016). Stock price has shown to rise even when company operations are in the red (Morgenson, 2016). Since stock price is a function of more than just who is acting CEO (e.g., economic or political changes), executive compensation packages should be linked to more than just the current value of stock price and shareholder returns; executive pay should be linked to additional organizational outcomes. Recent calls for research in this area cite that investors are not as focused on profit maximization as they are on strategic decisions that address a variety of stakeholder interests (Tharp & Freeman, 2021).

Shareholders should not be concerned when CEOs focus on multiple stakeholders. In fact, there is a positive relationship between corporate social responsibility actions and corporate financial performance. Financial performance of a firm does not suffer when CEO pay has an alignment with other stakeholder interests (Deckop, Merriman, & Gupta, 2006). Additionally, results of large meta-studies of the findings of thousands of published research papers examining the relationships

[1] The Business Roundtable (BRT) founded in 1972 with the mission to encourage job growth and strengthen the U.S. economy.

[2] See Ritz (2022), Bradford (2021), and Semler Brossy (2021), for example.

between firm investments in ESG issues and firm performance indicate research has primarily found positive associations between corporate social performance and market, accounting, operational, risk, and growth measures of performance (Friede, Busch, & Bassen, 2015; Whelan, Atz, Van Holt, & Clark, 2021).

Thus, some compensation committees have sought to develop pay structures that incentivize executives to meet a variety of stakeholder interests while also meeting financial goals. As sustainability goals grow, boards of directors are seeking new ways to incentivize executive behaviors. Our study reviews the prior research findings of the positive association between firm value and corporate social performance as given. We extend the literature by utilizing a unique sample of firms to observe the degree of changes to executive incentives, if any, made after each firm's public commitment to change organizational outcomes. Specifically, we ask whether the BRT firms created compensation programs to incentivize senior executives to focus on strategic objectives beyond profit and shareholder value.

Our study contributes to the developing academic literature examining the extent and use of ESG performance measures in executive compensation contracts. A recent study by Cohen, Kadach, Ormazabal, and Reichelstein (2022) uses the ISS Executive Compensation analytics database to examine the firm characteristics of international firms which link executive compensation to an ESG performance metric and finds that a firm's inclusion of ESG metrics into compensation contracts is positively related to firm size, firms operating in environmentally "dirty" industries, institutional ownership and whether the company's home country is more ESG sensitive. Flammer, Hong, and Minor (2019) examine the proxy statements of S&P 500 companies prior to 2013 for evidence of compensation linked to ESG metrics to determine the characteristics of companies likely include ESG measures in executive compensation contracts and whether these contracts impact firm outcomes, namely financial and environmental; the authors find positive associations between the ESG metrics and firm outcomes. Finally, Bebchuk and Tallarita (2022a) examined the proxy statements of the Fortune 100 U.S. firms and found that when executives were incentivized along ESG dimensions, the metrics used only seemed to motivate the executives to focus on a limited set of the firm's stakeholders, and the transparency of pay-ESG performance link was extremely limited to non-existent to outside investors. Our study is most similar to Bebchuk and Tallarita (2022a) as we undertake a detailed review of the proxy statements of the BRT signatory firms, as the nature of the BRT promise would suggest that these firms are most likely to link executive compensation to ESG goals. Our study contributes to the evaluation of the saliency of the BRT promises[3].

[3] In a simultaneous paper, Bebchuk and Tallarita (2022b) examine the BRT sample along many dimensions to determine whether these firms operationalize their pledge of a stakeholder focus. The authors found most firms did not make a meaningful commitment promise made the BRT firms did not include a stakeholder focus in their corporate governance guidelines or corporate bylaws; voted down shareholder proposals requesting reports of stakeholder focus; nor mentioned signing the BRT promise in their proxy statements.

2.2. Executive compensation and the regulatory landscape

U.S. regulation of executive compensation has changed in the last several years, which has allowed compensation committees to have more influence on CEO pay levels and incentives. To begin, excessive executive compensation has long garnered the attention of regulators, and as early as 1938, the Securities and Exchange Commission (SEC) has required executive and director compensation disclosures in a firm's proxy statement. Although the required components of these disclosures have evolved over time and were most recently amended in 2015 (SEC, 2015). Section 14(a) of the Securities Exchange Act of 1934 requires companies to include a compensation discussion and analysis (CD&A) as a part of the proxy statement provided to shareholders each year. The SEC requires a registrant's compensation committee, comprised of independent board of director (BOD) members, to develop the compensation program for the five highest paid executive officers or named executive officers (NEOs) each year, including the CEO and chief financial officer (CFO), to approve bonus and long-term incentive compensation awards, and to design the pay structure for the forthcoming year. The company's CD&A must include a principles-based discussion by the committee about the objective of the compensation program, the design and purpose of each element of the compensation program, and the performance metrics used to determine the final cash or stock awarded for each element of the compensation program. Essentially, the CD&A addresses how and why the committee's compensation decisions are made.

Most recent changes in the CD&A disclosure requirements resulted from the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2015 (Dodd-Frank). Since 2017, companies must disclose the ratio of CEO total pay to the median employee pay (SEC, 2015). Further, the Dodd-Frank Section 953(a) required disclosures of the relationship between CEO pay and specific measures of the company's financial performance, including a measure of total shareholder return. Although the SEC codified this requirement of Dodd-Frank into a proposed rule in 2015, it was never enacted. In January 2022, in an attempt to finalize the Dodd-Frank compensation disclosure requirements, the SEC amended the 2015 proposed rule to include a broader range of firm performance measures and reopened the rule for comment. This latest proposal requires the compensation committee to disclose an explicit link between executive pay and a market-based measure of the firm's performance, an accounting-based measure of firm performance like pretax income or net income, and a third performance-based measure of the firm's choosing (SEC, 2022). The amended proposal also requires the company to list the five most important measures used for NEO compensation decisions. This latter inclusion reflects an acknowledgement by the SEC of increasing use of compensation measures that capture firm performance beyond measures linked exclusively to total shareholder return, including performance measures linked to environmental, social and governance (ESG)[4] goals (Quinn & Karelitz, 2022). This research study examines CD&A reports in a period before the SEC requires mandated disclosures of the link of an executive's pay to firm performance.

Executive compensation programs are impacted by tax regulations as well. Since 1994, Internal Revenue Service (IRS) requires a link between compensation and firm performance before much of an executive's compensation is tax deductible. Until the recent changes to IRS Section 162(m) brought about by the 2017 Tax Reform Act[5], the tax deductibility of a public company's CEO, CFO, and the next three highest compensated officers' compensation in excess of $1 million requires an explicit link to the financial performance of the company and is made under a compensation program approved by shareholders. The deductibility of compensation requires the compensation committee set objective performance-based goals by the first quarter of the fiscal year. After the close of the fiscal year, the Committee reviews each executive's performance and awards annual incentive bonuses and stock-based awards only if the NEO has met the objective measures set at the beginning of the year.

2.3. Research questions

The regulatory requirements for the design and disclosure of a firm's executive compensation program provide an opportunity to determine whether the BRT firms incentivized their executives to make strategic decisions that not only benefit shareholders but also other stakeholders including customers, employees, and communities. The BRT cooperative has committed to new objectives publicly, but have these companies made real changes to operationalize these commitments into their respective firm's strategic objectives? Further, have the compensation committees designed financial compensation programs to motivate executives to achieve these organizational outcomes and responsibilities?

Thus, we seek to answer the following research questions:

RQ1: Does a company's compensation program incentivize the senior executives to focus on strategic objectives beyond profit and value maximization for shareholders?

RQ2: To what extent do BRT corporate signatories' compensation arrangements evaluate and reward executives for their focus on ESG issues?

3. METHODOLOGY

3.1. Research approach

Given our research questions, we determined that a qualitative approach would be best to observe connections between executive compensation and strategic objectives. Our research method was consistent with Strauss and Corbin's (1990) grounded theory systematic approach (based on Glaser and Strauss, 1967). Below we describe our process of data collection, open coding, axial coding, and selective coding. Each process informed the next.

3.2. Sample development

On August 19, 2019, nearly two hundred CEOs of top companies signed an agreement indicating their belief that corporations should not exclusively consider the interests of shareholders but recognize the needs of additional stakeholders including employees, suppliers, and communities. To determine whether this commitment extended to the performance evaluation of these executives, we identified our initial sample as the 183 companies whose executives signed the Business Roundtable (BRT) Statement on the Purpose of a Corporation through September 6, 2019. While currently over 240 executive officers have signed the statement through July 2021, we elected to limit our sample to companies accepting the pledge by the fall of 2019 to ensure that the companies had time to incorporate their commitment into their compensation policies[6].

Of the 183 represented firms, we eliminated 37 non-public entities, 8 foreign companies, and 3 companies that underwent a significant corporate change (i.e., merger, acquisition, divestiture, or bankruptcy) between 2018 and 2020. Non-public and foreign entities do not provide public disclosures of their executive compensation programs, and merger agreements likely cause significant adjustments to existing compensation programs. For the remaining 135 firms, we collected the proxy statement on SEC Form DEF14A from the company's investor relations website or the SEC's Edgar Database (www.sec.gov) for the last fiscal year beginning before September 6, 2019 (pre-signing) and the first proxy statement filed after December 31, 2020 (post-signing). Proxy statements are used to communicate with shareholders. It is important that we sought this data source as it directly communicates with shareholders and serves to report on the firm's strategic choices.

FactSet data indicates the 135 firms represent over $11 trillion of market capitalization on September 6, 2019, with significant variability in size, as the mean (median) firm reported market values of $82 billion ($39 billion) and 99,000 (48,600) employees. See Table A.1 (in Appendix) for a list of all firms identified in our final sample.

[4] Gregory, Smith, Gorsen, Grapsas, Manis, and Barros (2021) detail the components of ESG as follows: "[T]he environmental prong, which covers topics such as climate change, greenhouse gas emissions, air and water pollution, energy consumption, water usage, waste and recycling, and environmental justice; the social prong, which includes workplace and product safety, employee diversity, equity and inclusion, nondiscrimination and fair pay, collective bargaining, human rights, charitable contributions and community programs, cybersecurity and data privacy, and supply chain management; and the governance prong, which encompasses issues such as compliance, corporate purpose and stakeholder interests, board diversity, declassification and independence, executive compensation, and political contributions and lobbying".

[5] The Tax Cuts and Jobs Act (TCJA) disallows the tax deductibility of any compensation in excess of $1 million for any of the top five executives including the CEO and CFO. Compensation awarded under programs approved by shareholders prior to November 2, 2017, remains taxed deductible if linked to firm performance under the grandfather provisions of the law (McLoughlin & Aizen, 2018).

[6] Although the content of the original statement, issued on August 19, 2019, has not changed, the statement was updated to include the commitments of additional corporations nine times between December 2019 and July 2021.

3.3. Coding

Singer (2012) cites that it is difficult to track how companies use sustainability incentives since metrics vary based on the company, whereas stock price is easily tracked and reported. Thus, our sample development required a detailed read of proxy statements. Data analysis, using grounded theory, occurs during and after data collection. We used constant comparative analysis as we read the proxy statements to create themes. After determining which signatory companies were public firms, two members of our research team collected the proxy filings for the 135 public companies described above for the *pre-* and *post-signing* periods (see Table A.1). Both reports for each firm were posted in a shared folder. The research team members then performed the initial open coding categorizations of the sample firms by scanning the CD&A reports for key search terms: *diversity* and *inclusion*. Open codes were created to initially categorize connections between organizational objectives and links to executive pay structure. We initially grouped companies into two broad categories: Companies either stated something or nothing.

To observe all five corporate commitments promised by the BRT signatories, the second phase of our company evaluation included a detailed reading of each company's *post-signing* proxy statements to identify the quantitative or qualitative performance metrics used to award annual incentive bonuses and long-term stock compensation. We sought statements that linked executive performance metrics to *ESG* commitments, *employee safety* programs, *diversity, and inclusion* initiatives as well as *sustainability* goals (which we refer to collectively as ESG objectives). Most frequently we found companies used *ESG* terminology itself as it encompasses a broad set of goals reflective of a firm's stakeholder interest and the language is commonly used in corporate communication and legal filings.

We isolated these themes and this axial coding process to create conceptual families from summaries, and then our selective coding formalized categories into more precise classes. Specifically, the first author took the initial codes and further distinguished between companies to identify selective codes/categories to distinguish between the BRT signatories on the degree to which they changed compensation structures after signing the 2019 agreement. The next section will discuss our results as a class distinction to observe the extent to which the BRT signatories reported compensation structures to meet their bold promises.

4. RESEARCH RESULTS

We only evaluate the compensation committee reports for links between NEO remuneration and ESG quantitative and qualitative measures and the extent to which these links are clearly measured and disclosed. We do not categorize any company based on the proportion of executive pay tied to ESG performance metrics relative to all other base and performance-based compensation.

Based upon our assessment of each sample firm's CD&A, we divide the sample into three classes based upon the existence of a link between executive compensation performance measures and ESG. These classes are as follows (see Appendix):

1) *No Link*: Incentive compensation is determined exclusively from financial metrics with no distinct link, either qualitatively or quantitatively to corporate ESG or diversity goals.

2) *Vague Link*: The firm's CD&A discussion includes a linkage between an executive's performance assessment and ESG interests, but this linkage is vague, and the NEO's performance is not quantitatively or qualitatively discussed against the ESG initiatives of the firm.

3) *Explicit Link*: The firm's CD&A discussion includes an explicit linkage between an executive's performance assessment and ESG interests, and this linkage is either quantitatively assessed or explicitly discussed qualitatively. For each firm in this third classification, we examined the firm's CD&A report filed in the last proxy statement of the *pre-signing* period to determine whether the NEO's performance evaluation already included ESG components or whether these measures were added after the firm's public commitment supporting the BRT's pledge.

If ESG measures are included in the executive compensation determination, the measures are most likely included as a component of the annual incentive program and in one of two ways. First, firms included specific quantitative ESG metrics directly as a specific component of the annual incentive calculations. Alternatively, compensation programs frequently include strategic or individual modifiers to increase or decrease the executives' annual incentive bonus determined by quantitative measures. Most of our sample firms identifying ESG performance as a factor in determining executive incentive compensation utilized these components as modifiers to determine the final annual incentive award (see Table A.1). We also noted a range of information provided by companies in their discussions of the modifier determination process and amount. Most of our *Vague Link* firms used generic discussions of the executives' accomplishments of the ESG objectives, which impacted their annual incentive modifier determinations in indistinct ways.

4.1. No Link

We found that 68 of our sample signatory companies reported compensation programs that relied exclusively on financial metrics or non-ESG-related nonfinancial metrics in the design of their 2020 incentive compensation plans. Although the proxy statements did include discussions of firm commitments and corporate strategies related to ESG concerns and discussed the link between their ESG programs and shareholder value, most of our sample firms used only financial measures to measure NEO performance during the 2020 fiscal year, for both the annual incentive bonus and long-term stock awards. For example, in its disclosures of business strategies and priorities, Hanesbrands Inc. explicitly described its commitment to 2030 global sustainability goals with regards to people, the planet and its products, but its fiscal 2020 long-term and short-term incentive programs were silent regarding any quantitative or qualitative ESG measures. Instead, Hanesbrands structured its NEO's "performance-based pay opportunities" around financial performance measures and relative weightings on net sales, earnings per share (EPS), and cash flow measures to align executives with the firm's strategic goals and shareholder interests.

Ironically, while most long-term incentive programs link executive performance compensation awards exclusively to financial metrics to motivate management's focus on shareholder value, we found incidences where shareholders themselves requested corporations to link executive pay to corporate ESG strategies. As a part of their formal governance and outreach programs, firm boards of directors seek proactive feedback from large, institutional shareholders. During this feedback, some firms acknowledge that shareholders voiced preferences that the company align executive incentive pay with ESG priorities, but in some circumstances, these same companies' boards felt the current focus on corporate ESG programs was sufficient. For example, despite requests from its shareholders to link executive compensation to ESG performance, Cognizant Technology Solutions Corporation (Cognizant) indicated: "*The committee did not include such metrics [environmental and social (E&S) metrics] in the 2021 program design due to significant enhancements to the company's E&S efforts in process for 2021*" (Cognizant Technology Solutions Corporation, 2021, p. 29).

However, the compensation committees of thirteen of the firms identified as having *No Link* between ESG and executive compensation in 2020, including Apple, MasterCard, Marathon Oil Corporation, IBM and Cigna, indicated their intent, often as the result of this type of shareholder engagement, to include qualitative or quantitative ESG measures in the executive compensation programs after the 2020 fiscal year. CBRE Group indicated its plans to include diversity and inclusion measures in its 2021 compensation program specifically because of its engagement with shareholders: "*As a result of investor feedback, we have incorporated strategic objectives from diversity and inclusion in our executives' structures for fiscal 2021*" (CBRE Group, Inc., 2021, p. 37). The discussions of the planned changes to the compensation program for these thirteen firms are varied, from the announcement of only the intent with no specific details to the specific inclusion of a qualitative measure like an ESG modifier to the annual incentive compensation or even, in the case of Medtronic, the commitment to include an ESG qualitative scorecard into the next year's compensation program.

4.2. Vague Link

To classify as a *Vague Link* firm, the CD&A report needed any indication that the committee made some consideration of any executive's achievement of the firm's ESG goals as a contributing factor in the executive's incentive pay award, and we classified firms into this category no matter how indistinct the connection between ESG and final pay determination. This category included 35 firms or 26% of our sample. Many of the *Vague Link* firms allowed ESG performance to be considered in an NEO's performance assessment, but we noted a limited discussion of the substance of the ESG measurement (either quantitative or qualitative) and the weighting. Many of these firms' bonus structures included an individual multiplier that could further increase or decrease the annual incentive amount determined after consideration of financial performance targets. These multipliers reflected a qualitative assessment of the NEO's performance outcome relative to the firm's strategic objectives, including the consideration of NEO's performance against ESG strategic goals. However, we found much of the respective committees' discussions of the link between a NEO's specific performance accomplishments relative to the strategic ESG goals and the NEO's final incentive award was indiscernible whether the specific ESG performance of each executive was considered and how.

We categorized sample firms as *Vague Link* if they appeared to include ESG measures in the strategic and operational performance component of an executive's annual bonus determination but provided little clarification in the CD&A narrative if or how a specific ESG measure or qualitative ESG assessment contributed to the executives' final bonus determinations. For example, Lockheed Martin's strategic and operational assessment comprises 30% of the measurement weight of the annual incentive bonus, but this assessment component included seven different operational categories that the compensation committee assessed, with one of the seven categories designated as Talent Management. In its assessment summary, Lockheed Martin describes one of the three achievements in the *Talent Management* category as "*...successfully executed diversity and inclusion initiatives with respect to representation, attrition, external hiring and leadership*" (Lockheed Martin Corporation, 2021, p. 49). However, there is no further discussion of the specific diversity and inclusion accomplishments of its executives or the weight of these diversity and inclusion initiatives relative to the other sixteen achievements highlighted across the seven strategic and operational categories. The reader only learns that the company's compensation committee's final assessment of the NEOs' performances in the operational categories leads to a 180% strategic and operational payout factor used to calculate each NEO's annual incentive award, with no further clarity on how much ESG performance influenced this award.

We also found 15 *Vague Link* firms where the compensation committees disclosed that they could consider ESG performance when setting an executive's individual performance modifier. Again, while there is potential to consider and NEO's ESG performance, there is also the possibility that the bonus modifier is entirely determined without consideration of ESG performance, and, for firms in this category, we found limited disclosure of how the performance modifier was specifically determined for each executive. For example, Dell Technologies' annual incentive plan included an individual modifier which could cause the bonus determined using revenue and operating income performance measures to increase or decrease to between 75% and 175%. The company states:

"*In determining individual performance modifiers, the committee may consider such factors as achievement of financial targets for the business, cost management, strategic and transformational objectives relating to the executive officer's business unit or function, and ethics and compliance. The committee also may consider additional factors based on environmental, social and governance, or ESG, efforts as relevant to their business unit or function, and progress made in achieving the company's publicly-announced 2030 social impact goals, which include advancing sustainability and cultivating a diverse and inclusive workforce. The committee does not place specific weightings on any such objective but assigns each individual executive officer an individual performance modifier based on a holistic and subjective assessment of the officer's performance*" (Dell Technologies Inc., 2021, p. 42).

While Dell's compensation committee reported individual modifiers for the NEOs ranging from 100% to 130% for the 2020 fiscal year, there was no specific discussion of any specific individual or collective NEO accomplishments that influenced the determination of the individual performance modifiers, so we were unclear whether any executive was specifically awarded for ESG performance.

We extended a broad interpretation of what we considered a *Vague Link* between executive pay and ESG programs by allowing any mention of any ESG accomplishment as support for an increased amount of annual incentive for at least one NEO as qualifying the firm into this class. For example, Lennar Corp. indicated in its disclosure of the Executive Vice President's annual incentive award that a portion of this award resulted from the "Expansion of Inclusion and Diversity Program", but the company did not indicate the amount of this award, nor did it appear that any other NEO was acknowledged or rewarded for diversity initiatives (Lennar Corp., 2021, p. 24). We believe that this example shows evidence that Lennar's compensation committee considered a qualitative assessment of ESG actions when determining the final amount of the annual incentive award for the NEOs, but this consideration was indistinct in the committee's narrative.

Finally, rather than incentivize executive commitments to ESG, some firms in this category allowed reductions to a NEO's pay if an executive was found non-compliant with the firm's ESG goals. For example, Abbott Laboratories (2021, p. 40) indicates that all NEO's commit to a leadership covenant which allowed the compensation committee to reduce all pay if the covenant is not adhered to. Walmart indicated that associates engaging in behavior violating the firm's discrimination or harassment policies can lose up to 30% of their annual incentive payment (Walmart Inc., 2021, p. 52).

4.3. Explicit Link

Our final class of firms includes 32 firms, nearly 24% of the sample that explicitly include performance evaluations on ESG factors in their determination of NEO incentive compensation and clearly disclosed the NEOs' ESG achievements in the compensation narratives. Inclusion in the *Explicit Link* category required the firm to include some components of ESG in their compensation programs, but not all. We recognize the challenge of identifying and defining the specific performance metrics to motivate ESG performance; therefore, we defined our *Explicit Link* firms as having either quantitative or qualitative measures of some component of ESG performance explicitly tied to executive compensation awards. We noted significant variation in the use of ESG metrics within these compensation programs.

Firms compensating executives for achievements in diversity and inclusion goals often quantitatively measured performance against outcomes in employee surveys, diversity representation in management, and employee retention rates. Firms in heavy industries as well as financial services firms often had environmental and sustainability objectives measured in their short-term compensation programs. Quanta Services Inc. included sustainability performance measures in its long-term incentive plan to incentivize executive attention to strategic actions that reduced the company's environmental footprint. Xylem Inc.'s short-term incentive compensation assessment included an individual performance component weighted 25%, a component of which reflected the company's sustainability performance explicitly measured by an external source (Sustainalytics' ESG Risk Ratings). Executives of financial service firms like BlackRock Inc. and Chubb Capital Corp. were incentivized to focus on climate-related and sustainability issues through the direction of their invested assets.

Some firms included ESG measures in determining the base short-term incentive awards. For example, BlackRock Inc. allocated 20% of NEO's annual incentive formula to "organizational strengths" which included objectives for attracting and inspiring talent, for focusing on inclusion and diversity issues in the workforce, and attending to the firm's purpose and culture. In the company's compensation and performance narrative of each NEO, BlackRock individually detailed their individual achievements not only within the organizational strength category but also in the business strength category (which comprised 30% of the incentive bonus calculation) and marked each ESG achievement explicitly with an orange 'ESG' digital stamp (BlackRock, Inc., 2021).

Comcast's annual incentive bonus plan included a discretionary component of 20% which rewarded each NEO's performance based upon their role in "*creating a strong workplace culture that emphasized integrity, respect and our continuing focus on critical DE&I initiatives*" (Comcast Corporation, 2021, p. 39). Unlike other corporations which frequently offered the maximum assessment in a similar qualitative category, the highest rated Comcast executive received 15% of this component while no other NEO received a rating above 9% which provides the appearance that this component was thoughtfully considered relative to each executive's performance. While the company did provide a qualitative discussion of each executive's key achievements over the year, it did not provide a specific discussion for each executive's specific rating.

On the other hand, Southern Co. extensively describes its executive compensation program which includes a financial component, an operational component almost exclusively reflecting the company's focus on ESG matters, and a personal performance modifier. The company provided detailed disclosures of the component definitions, weighting, and quantitative and qualitative goals. The company then followed with a discussion of each NEO's performance relative to these goals as well as the calculations to understand how each executive's focus on ESG goals impacts the financial annual incentive compensation.

Not all firms in this category included ESG components directly into the incentive bonus calculation. Instead, we find some firms used qualitative evaluations of ESG efforts to comprise modifiers to the initial bonus determined through quantitative financial performance assessment. Vistra Corp. included an objective and subjective assessment of each NEO's performance against operating objectives to modify the initial short-term incentive determination based on financial measures. Although the company did not explicitly disclose the measures used, the compensation committee provided a detailed listing of the key factors, including descriptions of environmental and social justice accomplishments, used to determine that each executive earned a modifier in excess of 100% (Vistra Corp., 2021, pp. 47–48).

We also examined whether any firm we identified as having an *Explicit Link* between ESG objectives and incentive compensation already included ESG goals in their 2018 compensation programs approved by the compensation committees, the last reporting period before the firm signed the BRT pledge in 2019. We determined that 11 of the 32 companies in our *Explicit Link* class of firms included some measure of ESG performance in their 2018 compensation programs, although most of these 11 firms only included diversity and human capital initiatives. Since 2018, these firms have broadened the ESG objectives, provided more explicit discussions of qualitative assessments and/or increased the weighting of the ESG components of the short-term incentive determination. Additionally, 8 of the 32 firms provided detailed changes in the respective firm's annual incentive program for fiscal 2021, primarily adding measures for environmental and climate concerns.

4.4. Industry analysis

When setting the NEO's compensation program each year, the compensation committees identified peer groups and hired compensation consultants for feedback on incentive programs. Given the identification of these peer groups, there is potential for certain industries to more likely include ESG components into executive pay. To determine whether industry characteristics or competitive pressures impact a firm's inclusion of ESG performance measures in compensation plans, we separated our sample firms into twelve industry groupings based upon Fama and French's (1997) industry groupings. We report the industry results in Table 1.

Table 1. Industry representation

Industry	*N*	*Percent*	*No Link*	*Vague Link*	*Explicit Link*	*Explicit Link sample, %*	*Explicit Link to industry, %*	*No Link sample, %*	*No Link to industry, %*
Chemicals and allied products	5	3.70	2	3	0	0.0	0.0	2.9	40.0
Energy (oil, gas, coal)	4	2.96	2	1	1	3.1	25.0	2.9	50.0
Financial services	27	20.00	12	8	7	21.9	25.9	17.7	44.4
Consumer durables	2	1.48	1	0	1	3.1	50.0	1.5	50.0
Healthcare, medical equipment and drugs	8	5.93	5	2	1	3.1	12.5	7.4	62.5
Consumer nondurables (food, tobacco, textiles)	4	2.96	2	1	1	3.1	25.0	2.9	50.0
Shops (wholesale, retail and some services)	16	11.85	9	5	2	6.3	12.5	13.2	56.3
Business equipment (computers, software, electronic equipment)	20	14.81	13	3	4	12.5	20.0	19.1	65.0
Telephone and television transmission	3	2.22	2	1	0	0.0	0.0	2.9	66.7
Utilities	10	7.41	2	2	6	18.8	60.0	2.9	20.0
Manufacturing	18	13.33	10	6	2	6.3	11.1	14.7	55.6
Other (mines, construction, building maintenance, transportation, hotels, bus services, entertainment)	18	13.33	8	3	7	21.9	38.9	11.8	44.4
Total	135	100	68	35	32	100		100	

The financial services industry comprised the largest subsample or 20% of the 135 sample firms, and we identified over 25.9% of financial services firms as *Explicit Link* firms. Additionally, all seven (7) of the *Explicit Link* financial services firms already incorporated qualitative or quantitative ESG elements in their 2018 compensation programs as well.

While utilities only comprised 7.41% of our sample firms, we identified 60% of signatory firms in the utility industry as *Explicit Link* firms. Despite the limited number of utility firms taking the BRT pledge, this industry comprised nearly 18.8% of all *Explicit Link* firms in the full sample. Electric and natural gas companies have more opportunities to intentionally reduce their direct impacts of carbon emissions on the environment, and we noted the *Explicit Link* utility firms more likely link executive compensation to environmental and climate concerns rather than diversity and social issues.

Finally, retail, business equipment, and manufacturing industries comprise nearly 11.85%, 14.81%, and 13.33% of the sample firms, respectively, but each industry grouping includes more than half of its representation in the *No Link* category. Healthcare, though representing less than 6% of the sample, is also overly represented in the *No Link* category with 62.5% of firms in this industry, 7.4% of the sample overall, categorized as a *No Link* firm.

5. DISCUSSION OF RESULTS

The design of executive compensation packages encourages leadership to make decisions that benefit the organization and its shareholders. As more research demonstrates that organizational financial performance is not harmed when firms engage in socially responsible practices, compensation committees are rethinking how to use the suggestions from agency theory to incentivize executives to meet other stakeholder interests. The BRT has collected signatures from hundreds of public and private company CEOs who have agreed to prioritize stakeholder concerns over shareholder value when making strategic and operating decisions. Our research sought to track how many signatory firms, a group of self-selected companies acknowledging their role and responsibility to all corporate stakeholders, changed executive pay structures to align with their pledged stakeholder focus (*RQ1*). We found less than a quarter of signatories in our sample included an *Explicit Link* between executive compensation to ESG achievements. 8% of signatories and nearly 35% of those categorized as *Explicit Link* firms already linked ESG objectives to executive pay prior to making their BRT pledge. Thus, while there has been some progress to make the changes promised, most of the signatories at this point have made minimal, if any, changes to compensation design that consider broader stakeholder concerns.

Although this study did not involve an estimate of the ESG-related portion of an executive's pay, we observed that even for those firms aligning ESG accomplishments to executive pay, the amount of the ESG compensation seems insignificant compared to the rewards an executive receives for financial performance achievements aligned with shareholder value. Almost all the firms in the *Vague* and *Explicit Link* classifications included ESG achievements only in the short-term annual incentive bonus calculation, while the more lucrative long-term stock-based compensation remained entirely contingent upon shareholder outcomes like total shareholder return. Even for firms explicitly linking ESG performance to compensation, the economic impact of this ESG-related financial reward is insignificant relative to the executive's compensation overall, and, for most *Explicit Link* firms, like Bebchuk and Tallarita (2022a), we found it difficult to discern exactly how much of the short-term incentive bonus was derived from ESG performance. Despite the increasing importance of ESG concerns of investors, especially institutional investors, combined with the increasing number of ESG investing funds and increasing SEC attention to firm's ESG disclosures, the executive compensation of the BRT signatory firms remains almost exclusively tied to a firm's financial performance.

We do recognize 13 *No Link* firms and three (3) *Vague Link* firms disclosed intended changes in their 2021 executive compensation programs would include quantitative or qualitative ESG performance measures. However, we cannot discern whether this movement towards an ESG and executive compensation link is the result of a full commitment to the BRT promise but needing more time to adjust compensation programs or rather the result of increasing investor, regulator, and societal pressures to consider and disclose ESG performance. Perhaps this movement is a combination of both time and rising societal attention to ESG matters and corporate responsibilities.

Even with the forthcoming changes to the compensation plans of the sixteen firms described above, the majority of the BRT commitment firms in our sample have not expanded executive pay structures to incentivize performance beyond a focus on shareholder value. Some of these firms communicated the intentional exclusion of ESG metrics from their compensation programs because the firm focused on ESG issues in other ways, and since these ESG efforts would increase shareholder value, executive remuneration would increase as well. We acknowledge we cannot conclude that the BRT commitment firms identified as having *No Link* have made no movement to consider all stakeholder concerns when making organizational decisions, only that the compensation committees of these firms have elected not to financially reward executives for performance outcomes beyond measures aligned to shareholder value (*RQ2*).

One difficulty compensating executives for ESG performance is the absence of objective measures and the lack of standardization of measures that can capture the financial implications of a firm's ESG performance. Only one firm in the sample described using an external measure, *Sustainalytics' ESG Risk Ratings*, as a metric in its executive performance evaluation. We note there is a lack of comparability among firms compensating for ESG achievements, particularly given the preference of our sample firms to use subjective qualitative assessments of executives' ESG organizational achievements. The lack of standardized measures, like those measures used to reward financial performance, also makes assessing the changes in the year-over-year ESG achievement to compensation comparisons difficult for a single firm.

As investors' and societal expectations grow for firms to demonstrate commitments to environmental and social concerns, demand also grows for investments in socially responsible companies and funds. Thus, research firms and investment service groups are developing new measures to assess and evaluate a firm's ESG priorities relative to itself, its peers, and the market[7]. When investors and stakeholders accept the validity of these measures to capture the correlation between a firm's ESG investments and its

[7] For example, Sustainalytics, a Morningstar subsidiary, offers ESG research and ratings. Refinitiv provides ESG scores along ten environmental, human capital, and product dimensions. MSCI provides data on ESG ratings of firms and creates ESG indexes of firms.

performance and market value, these new measures should also provide companies with transparent, comparable, and objective firm ESG measures to evaluate executive performance.

6. CONCLUSION

In this study, we examined the executive compensation structures of 135 of the original signatories of the BRT revised vision of the corporate purpose. Firms sincerely committed to moving exclusively from a shareholder value focus to a stakeholder focus may require a realignment of culture, vision, and strategy. The use of executive compensation programs is one means to effect a change in culture by motivating executives to drive firm strategies that consider not only profitability and shareholder value but the implications of corporate actions on all relevant stakeholders. Since August 2019, less than half of the BRT signatory firms in our sample adjusted their executive compensation structures. Any incentive compensation received by those firms including stakeholder achievements as a component of executive compensation was insignificant or indiscernible compared to the portion of executive pay derived from shareholder performance goals. These results suggest a weak firm realignment to a new stakeholder vision.

The 2020 fiscal year strained many of the sample firms' financial and human capital resources, and we noted many examples of compensation committees altering NEO compensation packages in response to these unforeseen constraints. We observed committees utilizing negative discretion to reduce or even eliminate executive base salaries for at least a portion of the year and often at the executive's own request. We also noted several incidences of firms that altered the initial performance metrics approved by the compensation committee when making the final determination of the annual incentive awards to more accurately reflect executive performance in extremely challenging economic conditions, but other firms made no changes to the original compensation programs. Finally, we noted other firms awarded the annual incentive pay irrespective of the performance metrics to reward executives' actions to protect employee and customer health and safety in the period of a pandemic and severe financial duress. These types of adjustments to compensation programs happened to all three classes of our sample firms; thus, we did not consider these types of mid-year adjustments to executive compensation programs as an *Explicit Link* between compensation and ESG metrics since these were *ex-post* reactions to severe pandemic.

This qualitative analysis looked specifically at the BRT signatories from 2019. We targeted this sample because of their public commitment to considering the needs of all stakeholders when making corporate decisions. Did signing the corporate pledge move firms towards ESG objectives in their operations and executive compensation programs, or did the BRT broadening of stakeholder focus come about because corporate commitments to ESG objectives were already growing, and the compensation programs followed? We do not observe or attempt to identify causality or motivation in the current study. Additionally, we did not measure whether any *Vague* or *Explicit Link* between ESG goals and executive compensation led to improvements in a firm's actual ESG or financial outcomes. Finally, we acknowledge there are other companies who have demonstrated their commitment to all stakeholders of their respective firms that did not formally sign on to the BRT commitment and thus, are not included in our sample. Our results cannot speak to the propensity of the non-signatory firms to align their executive compensation programs with stakeholder concerns.

What will be interesting to track is the financial performance of those firms that made an *Explicit Link* between stakeholder interests and executive pay and whether these firms outperform their industry peers in future periods. Additionally, will BRT signatories, specifically those firms aligning executive compensation programs with ESG goals, be rated more highly in external measures of ESG firm performance? Future research can take the classes from this analysis to perform a time series analysis on firm-related outcomes and CEO tenure. It may be that some industries have more success than others in maintaining strategic compensation plans that include incentives for a variety of alignment.

Our study concludes that, although most leaders say they act in all stakeholder interests, we did not find evidence that these leaders are incentivized to implement strategic and organizational changes that ensure their firms consider the environmental, social, and sustainable implications of their decisions. Informed shareholders investing in firms that are changing structures for long-term sustainability should take notice of the annual proxy statements and observe alignment between CEO pay and ESG objectives.

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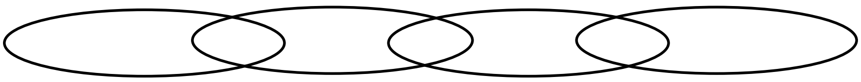
APPENDIX

Figure A.1. Class distinctions



NO LINK	*VAGUE LINK*	*EXPLICIT LINK*
Incentive compensation is determined exclusively from financial metrics with no distinct link, either qualitatively or quantitatively to corporate ESG or diversity goals.	The company's CD&A discussion includes a linkage between an executive's performance assessment and ESG interests, but this linkage is vague and the NEO performance is not quantitatively or qualitatively discussed against the ESG initiatives of the firm.	The company's CD&A discussion includes an explicit linkage between an executive's performance assessment and ESG interests, and this linkage is either quantitatively assessed or explicitly discussed qualitatively. For companies in this fourth classification, we examined the company's CD&A report filed in the last proxy statement of the pre-signing period to determine whether the NEO's performance evaluation already included ESG components or whether they were added supporting the Business Roundtable's Statement on the Purpose of a Corporation.

Note: Three classes were formed in the selective coding process. Firms were separated based on the extent to which CEO pay was linked to ESG goals or objectives.

Table A.1. Firms represented in study

Group	Ticker	Firm	Group	Ticker	Firm
Vague Link	MMM	3M Company	*Explicit Link*	IPG	Interpublic Group of Companies, Inc.
No Link	AOS	A. O. Smith Corporation	*Explicit Link*	J	Jacobs Engineering Group Inc.
Vague Link	ABT	Abbott Laboratories	*Vague Link*	JNJ	Johnson & Johnson
Explicit Link	ACM	AECOM	*No Link*	JCI	Johnson Controls International plc
No Link	AES	AES Corporation	*Vague Link*	JPM	JPMorgan Chase & Co.
No Link	AFL	Aflac Incorporated	*No Link*	KEY	KeyCorp
Explicit Link	LNT	Alliant Energy Corp	*No Link*	LHX	L3Harris Technologies Inc
No Link	AMZN	Amazon.com, Inc.	*Vague Link*	LDOS	Leidos Holdings, Inc.
No Link	AAL	American Airlines Group, Inc.	*Vague Link*	LEN	Lennar Corporation
No Link	AEP	American Electric Power Company, Inc.	*Vague Link*	LMT	Lockheed Martin Corporation
Explicit Link	AXP	American Express Company	*No Link*	LYB	LyondellBasell Industries NV
No Link	AMT	American Tower Corporation	*No Link*	M	Macy's Inc
Explicit Link	AMP	Ameriprise Financial, Inc.	*No Link*	MNKKQ	Mallinckrodt Plc
No Link	ANTM	Anthem, Inc.	*No Link*	MRO	Marathon Oil Corporation
No Link	AAPL	Apple Inc.	*Explicit Link*	MPC	Marathon Petroleum Corporation
Vague Link	ARMK	Aramark	*Explicit Link*	MAR	Marriott International, Inc.
No Link	AIZ	Assurant, Inc.	*No Link*	MA	Mastercard Incorporated
No Link	T	AT&T Inc.	*No Link*	MKC	McCormick & Company, Inc.
No Link	ADP	Automatic Data Processing, Inc.	*No Link*	MCK	McKesson Corporation
No Link	BLL	Ball Corporation	*No Link*	MDT	Medtronic Plc
Vague Link	BAC	Bank of America Corp	*Vague Link*	MET	MetLife, Inc.
Vague Link	BK	Bank of New York Mellon Corporation	*No Link*	MU	Micron Technology, Inc.
No Link	BAX	Baxter International Inc.	*No Link*	MC	Moelis & Co.
Vague Link	BBY	Best Buy Co., Inc.	*Vague Link*	MS	Morgan Stanley
Explicit Link	BLK	BlackRock, Inc.	*Explicit Link*	MSI	Motorola Solutions, Inc.
No Link	BA	Boeing Company	*Explicit Link*	NDAQ	Nasdaq, Inc.
No Link	BWA	BorgWarner Inc.	*Vague Link*	NOC	Northrop Grumman Corporation
Explicit Link	BMY	Bristol-Myers Squibb Company	*Vague Link*	NRG	NRG Energy, Inc.
No Link	CAT	Caterpillar Inc.	*No Link*	ORCL	Oracle Corporation
No Link	CBRE	CBRE Group, Inc.	*Vague Link*	OC	Owens Corning
No Link	CF	CF Industries Holdings, Inc.	*Vague Link*	PEP	PepsiCo, Inc.
Explicit Link	CVX	Chevron Corporation	*No Link*	PFE	Pfizer Inc.
Explicit Link	CB	Chubb Limited	*Explicit Link*	PSX	Phillips 66
No Link	CI	Cigna Corporation	*Vague Link*	PBI	Pitney Bowes Inc.
Explicit Link	CSCO	Cisco Systems, Inc.	*No Link*	PFG	Principal Financial Group, Inc.
Vague Link	C	Citigroup Inc.	*Vague Link*	PG	Procter & Gamble Company
No Link	KO	Coca-Cola Company	*No Link*	PGR	Progressive Corporation
No Link	CTSH	Cognizant Technology Solutions Corporation	*Explicit Link*	QCOM	Qualcomm Inc.
Explicit Link	CMCSA	Comcast Corp	*Explicit Link*	PWR	Quanta Services, Inc.
Vague Link	COP	ConocoPhillips	*No Link*	RTX	Raytheon Technologies Corporation
No Link	GLW	Corning Inc	*Vague Link*	ROK	Rockwell Automation, Inc.
Vague Link	CMI	Cummins Inc.	*Explicit Link*	SPGI	S&P Global, Inc.
No Link	CVS	CVS Health Corporation	*No Link*	CRM	Salesforce.com, Inc.
No Link	DE	Deere & Company	*No Link*	SCHN	Schnitzer Steel Industries, Inc.
Vague Link	DELL	Dell Technologies Inc	*Vague Link*	SRE	Sempra Energy
Explicit Link	DOW	Dow, Inc.	*Explicit Link*	SO	Southern Company
Explicit Link	DUK	Duke Energy Corporation	*No Link*	SWK	Stanley Black & Decker, Inc.
Explicit Link	DXC	DXC Technology Co.	*No Link*	SCS	Steelcase Inc.
Vague Link	EMN	Eastman Chemical Company	*No Link*	SYK	Stryker Corporation
No Link	ETN	Eaton Corp. Plc	*No Link*	TGT	Target Corporation
Explicit Link	EIX	Edison International	*No Link*	TDS	Telephone and Data Systems, Inc.
No Link	XOM	Exxon Mobil Corporation	*No Link*	TXN	Texas Instruments, Inc.
Vague Link	FDX	FedEx Corporation	*No Link*	TRV	Travelers Companies, Inc.
No Link	FIS	Fidelity National Information Services, Inc.	*No Link*	UNP	Union Pacific Corporation
No Link	FLEX	Flex Ltd.	*No Link*	UAL	United Airlines Holdings, Inc.
Explicit Link	FLR	Fluor Corporation	*Vague Link*	UPS	United Parcel Service, Inc.
No Link	F	Ford Motor Company	*Explicit Link*	V	Visa Inc.
Vague Link	FOX	Fox Corporation	*Explicit Link*	VST	Vistra Corp.
Explicit Link	FCX	Freeport-McMoRan, Inc.	*Explicit Link*	WBA	Walgreens Boots Alliance Inc.
Vague Link	GD	General Dynamics Corporation	*Vague Link*	WMT	Walmart Inc.
Explicit Link	GM	General Motors Company	*No Link*	WCC	WESCO International, Inc.
Vague Link	GS	Goldman Sachs Group, Inc.	*Vague Link*	WU	Western Union Company
No Link	HBI	Hanesbrands Inc.	*No Link*	WHR	Whirlpool Corporation
No Link	HD	Home Depot, Inc.	*No Link*	INT	World Fuel Services Corporation
Vague Link	HON	Honeywell International Inc.	*No Link*	XRX	Xerox Holdings Corporation
Vague Link	HII	Huntington Ingalls Industries, Inc.	*Explicit Link*	XYL	Xylem Inc.
No Link	IBM	International Business Machines Corporation	*No Link*	ZBRA	Zebra Technologies Corporation
No Link	IP	International Paper Company			