

Burberry shareholders rebel against CEO pay

14th July, 2014



Shareholders from the British fashion house Burberry are up in arms about a proposed pay package for its CEO. They rejected a

resolution at the company's annual general meeting to provide newly-appointed CEO Christopher Bailey with a multi-million-dollar remuneration deal. The vote was 52.7 per cent against the resolution. Executives proposed to hand Mr Bailey a \$12.3 million "golden hello", an annual salary of up to \$17 million and shares worth up to \$33 million by 2018. The share package has been called a "golden handcuffs" arrangement to stop him from joining a rival company in the next few years. He will also receive add-ons for pensions and performance bonuses.

Burberry chairman Sir John Peace defended the package. He said he was "disappointed" and would talk to shareholders. He said: "I want to understand why they felt so strongly to vote against." He said the packages for Bailey and his predecessor Angela Ahrendts were to keep "world-class executives" at the company. Under Ms Ahrendts' guidance between 2006 and 2014, the company's sales increased to over \$3.4 billion, and shares gained more than threefold to \$12 billion. Peace pointed out that many companies around the world would be willing to pay Mr Bailey a lot more. He added that Bailey was "worth every penny". Bailey joined Burberry in 2001 as Design Director and became Creative Director in 2004.

Sources: *Scotsman* / *Daily Mail* / *Wall Street Journal*

Writing

A salary of \$10 million is morally wrong, for anyone. Discuss.

Chat

Talk about these words from the article.

shareholders / pay package / annual general meeting / executives / rival company / disappointed / vote / world class / guidance / shares / willing / creative director

True / False

- Burberry shareholders are up in arms about a salary package. T / F
- The shareholders haven't yet rejected the pay deal. T / F
- The new CEO will get over \$12 million for joining the company. T / F
- Burberry have offered the CEO a shares deal to stop him leaving. T / F
- The chairman said he understood why shareholders felt bad. T / F
- The chairman said world-class executives aren't interested in salary. T / F
- The previous CEO triples the value of the company's share value. T / F
- The present CEO joined the company over ten years ago. T / F

Synonym Match

- | | |
|---------------|-------------------|
| 1. up in arms | a. chosen |
| 2. rejected | b. went on to say |
| 3. appointed | c. justified |
| 4. annual | d. turned down |
| 5. rival | e. grew |
| 6. defended | f. competitor |
| 7. guidance | g. angry |
| 8. increased | h. prepared |
| 9. willing | i. direction |
| 10. added | j. yearly |

Discussion – Student A

- What do you think of a CEO getting a \$17 million salary?
- Should CEO's get more pay than people who risk their lives?
- Should shareholders be able to block proposals from directors?
- What do you think of "golden" hellos, goodbyes and handcuffs?
- What makes a good CEO?
- How to people become CEOs?
- Do you think you would be a good CEO?
- What do you think of Burberry?

Phrase Match

- | | |
|--|----------------------------|
| 1. are up in | a. against the resolution |
| 2. newly- | b. every penny |
| 3. The vote was 52.7 per cent | c. bonuses |
| 4. stop him from | d. talk to shareholders |
| 5. add-ons for pensions and performance | e. arms about |
| 6. He said he was "disappointed" and would | f. more than threefold |
| 7. keep "world-class executives" | g. Mr Bailey a lot more |
| 8. shares gained | h. appointed CEO |
| 9. willing to pay | i. at the company |
| 10. worth | j. joining a rival company |

Discussion – Student B

- Is it good business to pay top-quality CEOs lots of money?
- What positions should be paid more than company CEOs?
- Should CEOs get more if they add billions to their company's value?
- How much are you worth as a worker?
- Are you "worth every penny"?
- How does your performance compare to your colleagues'?
- How many bags does Burberry have to sell to pay Mr Bailey?
- What questions would you like to ask Burberry's chairman?

Spelling

- a proposed pay ecaakgp
- They rejected the rsiunoeolt
- newly-doinaptep CEO
- a multi-million-dollar truironeemna deal
- a "golden handcuffs" aranteemgrn
- performance oesnsbu
- He said he was "ipapdediotsn"
- Bailey and his rocsedrepes Angela Ahrendts
- world-class etiecvxuse
- Under Ms Ahrendts' iadngeuc
- gained more than lfroedteh to \$12 billion
- joined Burberry in 2001 as design driretoc

Answers – Synonym Match

1. g	2. d	3. a	4. j	5. f
6. c	7. i	8. e	9. h	10. b

Role Play

Role A – Company CEO

You think a company CEO should get the highest salary. Tell the others three reasons why. Tell them why their jobs shouldn't get the highest salary. Also, tell the others which of these should get the lowest (and why): a soldier, a doctor or a teacher.

Role B – Soldier

You think a soldier should get the highest salary. Tell the others three reasons why. Tell them why their jobs shouldn't get the highest salary. Also, tell the others which of these should get the lowest (and why): a company CEO, a doctor or a teacher.

Role C – Doctor

You think a doctor should get the highest salary. Tell the others three reasons why. Tell them why their jobs shouldn't get the highest salary. Also, tell the others which of these should get the lowest (and why): a soldier, a company CEO or a teacher.

Role D – Teacher

You think a teacher should get the highest salary. Tell the others three reasons why. Tell them why their jobs shouldn't get the highest salary. Also, tell the others which of these should get the lowest (and why): a soldier, a doctor or a company CEO.

Speaking – Salaries

Rank these with your partner. Put the job that should get the highest salary at the top. Change partners often and share your rankings.

- company CEO
- soldier
- doctor
- president
- sports star
- miner
- teacher
- banker

Answers – True False

a T	b F	c T	d T	e F	f F	g T	h F
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Answers to Phrase Match and Spelling are in the text.