

Renault CEO: Let Shareholders Vote On Exec Pay

The Associated Press

GENEVA (AP) — Just days after Swiss voters struck a blow against corporate greed, Renault's CEO Carlos Ghosn gave his support to the idea of giving shareholders more power over pay packages.

The global financial crisis has fueled anger at corporate "Fat Cats," especially as some company earnings — and bosses' pay — are bouncing back before the rest of the economy catches up. The Swiss voted overwhelmingly last weekend to make executive pay contingent on a shareholder vote.

Ghosn said he's for giving shareholders the power to reject pay packages — if only to end the debate and focus attention back on the issue of making cars.

"At the end of the day, CEO compensation will have to be voted by shareholders," said Ghosn on the sidelines of the Geneva Motor Show on Tuesday.

"That's the only way we're going to stop the whole discussion because when shareholders vote on the compensation of a CEO, there's nothing you can say about that, because the people who are paying are saying I agree to pay."

At the Geneva Motor Show, where bespoke cars fight for attention with Porsches and Ferraris, some car executives may make less than their customers. But what about the carmakers trying to appeal to the everyman?

Fiat and Chrysler CEO Sergio Marchionne is worried legislation like that voted for in Switzerland might be a bit clumsy — and could scare off talent.

"It is like trying to kill a fly with a sledge hammer," he said in Geneva. "You kill the fly but you will take down the wall.

But he agreed that some kind of check was inevitable and said that executives shouldn't be rewarded when they don't perform.

In many countries, shareholders vote on compensation — but their votes aren't binding. Ghosn's own salary has come under discussion while he negotiates a pay freeze with unions — part of moves designed to boost the carmaker's competitiveness. French government ministers have asked him to take a pay cut since the company is struggling, and he has said he'll delay some of his compensation and make it contingent on the success of Renault's restructuring if the agreement is signed. That accord won support from another union on Wednesday.

But Ghosn was clear about how far he would bend to government criticism of executive pay.

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"Governments can still continue to consider it's excessive, but then tax it," he said.

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