

Barrick Gold Corp. Has Come a Long Way in 1 Year

Description

At this time last year, **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) shareholders were up in arms. The company had just released its management information circular, which showed that Executive Chairman John Thornton was paid US\$12.9 million in 2014. Furthermore, the company's co-presidents made a combined \$12.8 million that year. And that was in a year when Barrick's share price declined by more than a third.

Shareholders responded by rejecting the pay package in a non-binding "say on pay" vote. It was the second time such an event occurred in just three years, and even though there were no financial consequences, the ordeal was very embarrassing for Barrick. Remember, the company's reputation was already suffering at the time, and this scandal made a bad situation much worse.

Fast forward to this year, and Barrick has once again released its management information circular. But this time, the story is quite different.

A big pay cut

Mr. Thornton's compensation dropped to \$3.1 million in 2015, a pay cut of more than 75%. Make no mistake, no one will shed a tear for him. It looks like he heard the message last year loud and clear.

The fall in compensation was so drastic because Mr. Thornton turned down all incentive compensation he was offered for the year 2015. That being the case, his total pay still would have declined by 50% year over year, even if he accepted all the incentive pay.

Oddly enough, Mr. Thornton actually earned less than Barrick president Kelvin Dushnisky, even though Mr. Dushnisky reports to Mr. Thornton.

In any case, Barrick's shareholders should be a lot happier. Not only is Mr. Thornton's compensation way down, but the company's shares have been performing very well—they're up 28% in the last 12 months.

Is this a sign of Barrick maturing?

First of all, this is a vast improvement over what happened last year. And even though that may not be saying much, Barrick does deserve some credit.

Yet this still smells a little fishy. After all, if Mr. Thornton turned down his incentive pay, should he really have been offered that pay in the first place? And what does that say about Barrick's compensation scheme?

This isn't the first time we've seen this kind of thing. Back in early February Richard Handler, CEO of Jeffries (an investment bank), turned down a \$2.2 million bonus after his company had an awful year.

But this is still very strange and a sign that Mr. Thornton's pay package is still too generous. Barrick still

has some ways to go.

CATEGORY

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2. Metals and Mining Stocks

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