



## Shareholders Stand Up in Protest of Bombardier, Inc.'s Board

### Description

Shareholders are beginning to take charge at **Bombardier, Inc.** ([TSX:BBD.B](#)). On Tuesday, the Ontario Teachers Pension Plan joined Caisse de dépôt et placement du Québec, Quebec's solidarity fund FTQ, and British Columbia Investment Management Corp. in publicly calling for changes in the aerospace manufacturer's board of directors.

This group of dissenters singled out the board's proposed [executive compensation plan](#) and publicly withdrew support of the company's current chairman Pierre Beaudoin, who is up for re-election at Bombardier's annual general meeting on Thursday.

The Ontario Teachers Pension Plan is not alone in demanding independent leadership among Bombardier's board of directors; many shareholders outside these institutional funds have voiced displeasure over Bombardier's management direction and excessive pay, alongside a pervasive lack of profitability.

As a family-run company for decades, Bombardier's [dual-class share structure](#) has proven to be a hindrance for the ability of the business to move in a different strategic direction — something which has frustrated shareholders of late. This frustration has been brought to a head by the most recent executive compensation plan, which called for pay increases among the company's top executives on the order of 50%, while the company has taken massive aid packages from the federal and provincial governments to keep the doors open and the jobs in Quebec.

### Bottom line

The ability of these large shareholders to affect change within Bombardier remains to be seen. A move to shake up the board and create a more independent leadership team, while symbolic, may inspire the sort of investor confidence (and maybe even forward thinking) the company needs to become a viable enterprise over the long term, competing with other global players in the market on the basis of the quality of Bombardier's planes and its operations, instead of operating on the basis of continued government support.

Bombardier's dual-class share structure could be less of a problem should the founding family agree to

cede the chair position to an independent board member; that said, the structure means that the Beaudoin family still owns 53% of the votes and can continue push the company in whichever direction they so choose.

Perhaps it's a symbolic gesture, but I argue this is one move Bombardier simply needs to make to avoid the pain of one or more shareholders unloading their positions in the company.

Stay Foolish, my friends.

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