

Lew takes aim at Myer chair

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Premier Investments chairman Solomon Lew and chief executive Mark McInnes



Premier Investments chairman Solomon Lew has questioned the independence of Myer chairman Garry Hounsell and director Julie Anne Morrison and the retailer's

corporate governance structure as the investor's campaign to roll the board steams ahead.

Mr Lew is expected to meet Myer's largest shareholders in the days ahead as part of his push to vote out the company's board when it holds its annual meeting in Melbourne on November 30.

Myer is on track to record the second strike against its remuneration report, which could lead to a board spill vote taking place in the next three months.

Premier is now raising questions over how Myer's chairman Mr Hounsell and Ms Morrison, a non-executive director, are classified as independent in the retailer's annual report that was sent out to shareholders last week.

Under its corporate governance council guidelines, the ASX says board directors should not have worked for the company in the past three years to be considered independent.

Mr Hounsell served Myer's executive chairman from February to June this year after the previous chief executive Richard Umbers was sacked.

Ms Morrison was the "nonexecutive" chairman of the Myer subsidiary boards in charge of Sass & Bide, Marcs and David Lawrence. She has also worked as a marketing consultant to Myer and the company's website said she handed over responsibility for those brands to new chief executive John King when he started in June. Myer was forced to pull a plan to sell Sass & Bide last month after testing the market and failing to find a buyer.

Premier Investments corporate adviser Jeremy Leibler said it was vital a company like Myer, which has seen its performance move from a \$12 million profit in 2017 to a \$486m loss one year later, had an independent board.

"I think it's often forgotten that independent directors are primarily meant to be independent from a company's management. The board's job is to keep management in check and to be asking the right questions of the management at the right time. How can the chairman carry out this role effectively when he is an executive of the company on a Monday and suddenly independent on a Tuesday?" Mr Leibler said.

"The board of Myer seems to have directors who are obsessed with being independent of their shareholders instead of supporting and keeping management accountable.

"There is a serious level of hypocrisy here. While claiming to be 'conflict free', the Myer board is allowing their directors to change their independence depending on the day of the week. It creates a mockery of the ASX corporate governance principles."

Mr Leibler said the Myer board also needed to clarify the role Mr Hounsell played in his own appointment as executive chairman earlier this year. He earned \$83,000 a month as executive chair while the search for a new chief executive was under way.

The Myer annual report said the retailer's board had determined Mr Hounsell and Ms Morrison had "resumed" as independent directors. It is understood that Myer's board had external legal advice that said Ms Morrison should be considered an independent and that recommendation was adopted.

In a statement, a Myer spokesman said the company was confident it had met the ASX corporate governance requirements and definition of independent directors. He said the retailer had also clarified several times that Mr Hounsell was not involved in his appointment as executive chairman earlier this year.

"Myer takes its corporate governance obligations very seriously and, following external legal advice, adopted a proper process in relation to the appointment of Mr Hounsell as executive chairman and the determination of Mr Hounsell's and Ms Morrison's independence.

"A board committee recommended, and the board subsequently approved, Mr Hounsell's appointment as executive chairman. Mr Hounsell was not present for any of these decisions and his performance as executive chairman was overseen by an independent special board committee.

"The board, excluding Mr Hounsell and Ms Morrison, also determined that those directors were independent. The resumption of Mr Hounsell's independence follows market precedent adopted by ASX 100 companies in similar circumstances."