CASE STUDY 1.7

**Myer and shareholders**

In 2010, Myer’s profit revenue was $164 million but by 2015 this had dropped to only $77 million. At a recent annual general meeting, the Board of Directors granted a proposal to pay millions of dollars to many of Myer’s key personnel even though profits continued to reduce significantly. The remuneration report proposed that these executives should be awarded bonuses; however, shareholders were advised to vote against this proposal.

If more than 25% of Myer’s shareholders vote against the remuneration report this year and again next year, Myer faces a board spill. The policy is that the board could spill if more than 25% of the shareholders vote against this recommendation two years in a row.

1. Explain why shareholders would be advised to vote against the bonuses to executives and senior management.

**2**Explain how shareholders may have an influence on the business they have invested in.