

Vanguard 2019 Investment Stewardship

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# Semiannual Engagement Update



**Vanguard**<sup>®</sup>

# Semiannual Engagement Update

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Good governance can enhance and protect shareholder value over time. Boards that are well-composed for today and tomorrow have independent, experienced, and diverse members capable of overseeing strategy, governing risk, setting appropriate remuneration, and embracing policies that give voice to shareholders.

One of the hallmarks of good governance is engagement with shareholders. Each year, on behalf of Vanguard funds, our Investment Stewardship team meets with hundreds of portfolio companies. In these interactions, we have open, constructive dialogues about corporate governance. This semiannual engagement update provides snapshots of some of the discussions we held in the six months ended 31 December 2018. The substance of those discussions was framed by Vanguard's four principles of corporate governance:



Board composition



Oversight of strategy & risk



Executive remuneration



Governance structures

These pillars cover topics such as board independence, alignment of strategy to long-term value creation, and linkage of pay to performance. Although these discussions can vary widely by company, sector, and region, our engagements tend to fall into three broad categories.

**Strategic engagements** are meetings in which we learn about – but don't seek to direct – a company's long-term strategy. These enable us to understand the board's approach to overseeing and aligning governance practices with the company's long-term goals.

**Event-driven engagements** focus on specific ballot items – often contentious – or a leadership change or company crisis. In these instances, such as a proxy contest, we want to hear all relevant perspectives before we vote.

**Topic-driven engagements** are held to discuss matters that materially affect a company's long-term value. These engagements are usually conducted with companies that have a record of underperformance and/or gaps in corporate governance.



## Board composition

Good governance starts with a company's board of directors. As the individuals tasked with representing the interests of all shareholders, board members perform important responsibilities such as hiring CEOs and setting remuneration. They also play a pivotal role in overseeing a company's strategy and key risks.

An effective board should be independent and reflect both diversity of personal characteristics (such as gender, race, and ethnicity) and diversity of skill, experience, and opinion. We believe that diverse boards make better decisions, which can set in motion a virtuous circle that allows a company to innovate, seek out new customers, or enter new markets. If a company's board is capable, diverse, and experienced, good results are more likely to follow.

## Board composition

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### Energy company leads on disclosure

We have engaged for a number of years with a US energy company with strong disclosure practices regarding its approach to board composition. Most recently, we held a strategic engagement with members of its board and management and had a collaborative discussion about board education and evolution.

The company shared its practice of bringing in speakers periodically to educate the board on a range of topics relevant to the company's long-term strategy and risk oversight. The company also shared that it regularly has members of management at all levels speak with the board to give directors perspectives beyond those of the senior executives.

We applauded the company's thoughtful approach to board education. The positive discussion reinforced our view that the company is a leader in disclosure. We plan to continue to engage, as appropriate, on topics of mutual importance.

### An industrial firm's thoughtful approach to succession

We were pleased with the approach an industrial company took to managing several leadership changes.

The independent chairman and several company executives briefed us on the current CEO's retirement and the company's succession plan, which had been in place well before the retirement announcement. This careful planning should enable a smooth transition, with the outgoing CEO serving in an advisory role for several months as the successor takes over.

The company also took a thoughtful approach to filling two director spots. The chairman explained that the board doesn't wait for a director's resignation or retirement to trigger a director search, preferring to conduct an ongoing effort to find qualified candidates. We were pleased that the board deliberately casts a wider net for diverse director candidates by not restricting its search to current or former CEOs. The company executives acknowledged the positive impact diversity can have on a board – a view that aligns with our core beliefs.

### Japanese firm sets standard on board independence

We engaged with the leadership of a large Japanese financial services firm. We reached out to this company, seeking to discuss the board's processes for oversight of strategy and risk as well as its views on board composition. We were impressed with the company's disclosure in its annual report, particularly compared with many of its Japanese peers. Notably, the company discloses its annual board evaluation process and discusses specific risks it considers material and how it assesses them both qualitatively and quantitatively. Its level of board independence is also greater than that of many other Japanese companies.

However, we sought to engage the company on the board's lack of gender and geographic diversity, particularly in light of its sizeable international business. Although the company had no immediate plans to add new directors, it acknowledged the deficiency. We plan to monitor the company's progress on this front.

### Insurance firm resists geographic diversity

We engaged over the past few years with the board and management of a US-based financial services company. In 2017 and again in 2018, we discussed board evolution, as the company was anticipating turnover because of a mandatory retirement age. We expressed that this was an opportunity to bring on new board talent to help guide the company through a digital transition as well as enhance the board's geographic diversity. Its lack of that diversity was noticeable given that its revenue is predominantly derived from a subsidiary in Asia. The company resisted this suggestion because differences in time zone, language, and culture would create difficulties for the board. The company also said additional regional business expertise on the board was unnecessary because its Asia-based subsidiary has its own leaders and board.

Although we acknowledge the difficulty of having directors in various time zones, we view geographic diversity as an important aspect of board diversity when it's relevant to the company's strategy. We plan to monitor whether the company continues to review its board composition, including appointing more geographically diverse directors.

## Board composition

### Three approaches to boardroom diversity

Vanguard views diversity of thought, experience, and personal characteristics as an important governance matter and a fundamental trait of an effective board. We have been vocal advocates for greater representation of women on corporate boards. Starting in 2019, we are being more forthright in the funds' expectations around diversity of race, ethnicity, and national origin. Studies have shown that diverse groups can make better decisions, and we believe that better decision-making can lead to better results over the long term.

#### Signs of progress on gender diversity

We have seen incremental progress on the gender diversity front. For example, we engaged with the board chairman as well as senior management of a small US consumer discretionary company on topics including oversight of strategy and risk, recent activist involvement, and board composition. In particular, the discussion focused on board diversity. Its board has eight directors, two of them women. Given that two-thirds of the company's customers are women, we discussed whether increasing female representation on the board would help the company better understand its customer base.

We were pleased soon after our engagement to receive an update from the company that it had appointed two new directors with digital marketing expertise, one of them a woman; this increased its female board representation to 30%. The chairman said the move was only a first step in the board's progress toward greater diversity aligned with its strategy.

#### Robust approach leads to a diverse board

In another instance, we engaged with a health care company after its executives read an open letter to portfolio companies, published by Vanguard's then-CEO and chairman, that partly focused on diversity.

We had two productive meetings with this company in 2018, and we found the board's processes to be thoughtful and deliberate, particularly when it came to board evaluation and evolution. Each year the company evaluates its directors. The evaluation consists of individual self-assessments and peer assessments paired with anonymous 360-degree feedback. The board also regularly brings in outside resources to assist with the assessments. This process has enabled the board to identify any skill-set gaps and has led to a consistent focus on screening and interviewing a more diverse pool of director candidates.





Through evaluation and evolution, overseen by the independent board chair, the board has established a notable level of gender diversity. The current board is 40% women, including the CEO, the independent chair, and two other independent directors; the typical industry board is 20%–30% women. We believe that the company’s robust processes for board evaluation and evolution smoothed the way for strong board diversity, and we told company leaders we were pleased with these developments.

### **A window into board composition**

We’ve also seen progress on diversity-related disclosure. Last year we engaged with the board of a US financial services company. The company reached out to have a holistic conversation about the board and governance. We consider this company a leader in governance practices, including its disclosure to shareholders. As we prepared for the meeting, we were pleased to see, in the company’s documents, excellent disclosure about its board evaluation process, director recruiting and onboarding, and succession planning.

As strong as the company’s disclosure was across various dimensions, what really stood out was its disclosure on board composition. The company has a robust skills matrix that helps inform us about the perspective and value each director brings to the board, as well as disclosing information on the board’s aggregate diversity on multiple dimensions including gender, race, and ethnicity.

Board-related disclosure, we find, too often focuses solely on gender diversity and neglects other diversity categories. We told executives of this company that we were pleased to see it had adopted a transparent disclosure method that allows investors to fully evaluate its board composition. We look forward to further engaging with the company on these issues and expect other companies to follow its strong example and adopt similar disclosure methods.



## Oversight of strategy and risk

As practically permanent owners of company stock, Vanguard wants to understand how companies plan to stay relevant over the long term. Boards oversee the governance of strategies that have become more complex as companies compete for customers around the world. Every strategy presents a unique set of opportunities and exposes a company to myriad material governance risks, including those related to environmental and social issues.

When we discuss strategy and risk with portfolio companies, we try to assess how deeply the board understands the company's strategy and is involved in identifying and governing material risks. We believe there should be a constant exchange of information between the board and management across the company. After all, we expect directors to bring a wealth of experience to the boardroom, and they can provide valuable counsel to company leaders who are executing on strategy and confronting obstacles.

Unfortunately, we've witnessed instances in which risks turned into governance failures. Moreover, we've seen increasing evidence that nontraditional but material risks such as climate and data-privacy concerns can damage a company's long-term value. If a company's practices, organisational culture, or products put people's health, safety, or dignity at risk, they can pose a financial risk to investors too.



## Oversight of strategy and risk

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### **UK transportation company deals with cybersecurity issues**

Cybersecurity is an important issue in our engagements. We engaged with a UK-based consumer cyclical company that experienced a significant data breach, exposing the personal information of thousands of its customers. The company handled the situation well by publicly disclosing the breach and notifying customers whose data was put at risk.

We remain concerned, though, about how the company will prevent future breaches and how its board will oversee related risks. The company could not provide many details about the breach given pending investigations and potential regulatory fines. Given that this company is an important holding for many of our international funds, we plan to monitor the situation in the coming months and check in with the board to ensure that it considers a more rigorous oversight process.

### **Australian firm's shareholders seek climate-related disclosure**

We evaluated a shareholder proposal requesting that an Australian energy company provide climate-related disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures. We support the recommendations, and we encourage companies in relevant sectors to provide consistent and comparable disclosure on financially material issues such as climate risk.

The company recommended that shareholders vote against the proposal. During our engagement, its executives explained why their long-term business model would succeed in a low-carbon economy, even as demand for their core product (coal) diminished. We reiterated how important it is to us, and particularly to our index funds, that the market can accurately price the key risks, and opportunities, of a company's business, and we explained the importance of companies both stress-testing and disclosing the resiliency of their business against potential scenarios. The company's current disclosure did not fully tell this story, and we noted that most of its peers did provide this type of information.

We ultimately supported the proposal, and we will continue to encourage the company to provide decision-useful information to investors about long-term risks.

### **Energy firm takes positive step on sustainability**

In mid-2018, we met with an energy company about a shareholder proposal that sought greater disclosure on its methane emissions management practices. We supported the proposal, which didn't pass, and the company reached out to us later in the year to discuss our viewpoint on that and other developments.

During our engagement, the company revealed it would soon publish a sustainability report incorporating some of the feedback we offered in previous years. We welcome such transparency.

The company also briefed us on its ongoing relationship with an activist investor and on discussions the two sides had about electing new directors and board size. We will be following the company's improved disclosure efforts and board evolution developments.

### **US financial services firm struggles to turn the corner**

We have had ongoing discussions with a US financial services company that engaged in unethical business practices in recent years. As engaged owners and practically permanent shareholders, we have been concerned with the company's ability to fully address these matters, improve its governance, and rebuild its brand.

In our engagement last fall, we met with members of management and the board to discuss the company's progress toward meeting a regulator's conditions for improvement before specific penalties would be removed. We also discussed leadership changes, including efforts to change board practices and nominate new directors. We stressed the importance of robust oversight by the board and its responsibility to hold management accountable for addressing these issues in a timely and complete manner. We will continue to closely monitor this situation and engage with leadership.



## Executive remuneration

We believe the best way to incentivise company leaders to plan for the long term is to link their remuneration to performance benchmarks that extend well beyond the next quarter or year.

In our engagements on this topic, we seek to understand how the board structures pay to incentivise outperformance over the long term versus peers. Companies should provide clear disclosure about their remuneration practices and how those link to performance and to the company's espoused strategy. We believe that this transparency gives shareholders confidence that the board is looking out for their best interests.

## Executive remuneration

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### Consumer services firm overhauls its remuneration policy

A consumer services company had been criticised for its remuneration policy given its record of underperformance. We engaged with the company multiple times in 2018 as it made substantial changes on several fronts, including hiring a new CEO, adding new board members, and revamping the remuneration policy.

We believe the changes are a good start. The new CEO has a proven record of turning around businesses, and new board members have appropriate experience and skills. In addition, the new remuneration policy incentivises management to buy company shares but locks them into a long-term vesting schedule. That structure emphasises long-term performance. To its credit, the company did extensive outreach with its shareholders before making these changes.

We ultimately voted in favour of the company's new remuneration plan. We continue to monitor disclosures about these changes to ensure they accurately reflect what was outlined in our engagements. This situation serves as an example of an appropriately structured board enacting a well-defined policy. The end result was meaningful change that aligns with the interests of long-term shareholders.

### Uncertainty over Australian bank's approach to remuneration

We engaged with members of the board and management at a large Australian bank to discuss changes to its executive remuneration program. The company shared with us its plan to consolidate its short-term and long-term incentive plans into a variable incentive plan. Under the consolidated plan, the board would evaluate quantitative and qualitative performance each year, and the shares paid out would be deferred for four years. The new plan was an effort to simplify the company's remuneration program and give the board greater control over remuneration, especially in light of a recent major public inquiry into the Australian banking and financial services industry.

We valued the company's transparent disclosure about its new variable incentive plan and its willingness to engage in a dialogue with us so we could better understand the details. However, we told the company we could not support the plan, given the focus on annual performance without a corresponding emphasis on long-term performance on the deferred shares. We look forward to continued dialogue with the company about remuneration and other governance matters.

### UK company deals with fallout from its executive remuneration plan

A British consumer cyclical company came under fire for an excessive executive remuneration plan that drew criticism from politicians, regulators, and investors as its executive pay ballooned in size. The plan was so controversial that the board chair and the remuneration committee chair – the architects of the plan – resigned and some executives agreed to give back some of the awards they were set to receive.

In our engagement, we established a dialogue with the new chairman, with whom we discussed the CEO's remuneration plan and the search for new directors. We discussed whether the plan should emphasise long-term performance benchmarks in addition to the recent financial and market performance measures the company was already using. These moves, we believe, will holistically link remuneration to outcomes that support long-term value creation and drive better balance in cases in which favourable industry trends can drive outsized rewards.

The chair also shared that the company was looking to fill a director vacancy with a new candidate, focusing on significant real estate and human resources experience as required skills for the board's evolution.

Although we found the discussion to be constructive, in the wake of our engagement the company announced the CEO's resignation, citing the insurmountable challenge of the remuneration controversy. As a long-term shareholder, we will continue to engage about needed developments in the company's remuneration plan as well as its leadership and board succession plans.

### Irish bank prepares for new regulatory environment

Ireland's Department of Finance expressed its intent to review government policy and restrictions on banking remuneration in the second half of 2018. To be prepared if restrictions were lifted, an Irish bank reached out to us in the spring, seeking shareholder feedback. The company did an exceptional job of sharing with us the landscape of the current restrictions. It asked about our perspective on executive remuneration and shared ideas of how it was thinking about composing such a remuneration plan.

We valued the company's proactive nature, and we believe it is in an excellent position to make sound remuneration decisions while keeping the shareholder perspective in mind.



## Governance structures

Governance structures should provide an avenue for shareholders to voice their concerns and ensure the accountability of a company's board and management. We believe that shareholders should be able to hold directors accountable as needed through governance provisions such as annual elections that require securing a majority of votes. In instances where the board appears resistant to shareholder input, we also support the right of an appropriate proportion of shareholders to call special meetings and to place director nominees on the company's ballot.

## Governance structures

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### Activist investor makes a case for change

An activist investor launched a campaign to vote against three directors up for election at a real estate firm.

Our due diligence included engaging with both sides as we tried to understand the company's underperformance, the reason for its poor governance structures, and the activist's ideas on how to fix those issues.

After meeting with the activist investor, we came away with shared concerns about the company. Outside of voting against the directors, however, the activist lacked a strong plan for improving the company's standing. We ultimately supported the incumbent directors up for election.

We were confident in our decision to support the company's nominees based on the company's commitment to improve governance by eliminating its supermajority voting standard and declassifying its board structure, allowing for annual elections of all directors. We viewed these actions as steps in the right direction, and we consider this situation an example of how engagement can lead to meaningful change that can help give shareholders a voice in the boardroom. We will continue to monitor the situation, including engaging with the company in the near future.

### Consumer products company improves its governance practices

Our strategic engagements typically focus on our funds' core portfolio companies. For years, we have used these discussions to advocate for better governance structures at a consumer products retailer that is an important holding for many of our funds. In particular, we have expressed concerns with its classified board that prevents annual elections for directors and with the board's supermajority voting standard for approval of charter and bylaw amendments.

We were pleased late last year to see the company take our feedback – and comments from other shareholders – to heart. It indicated it planned to remove the supermajority standard and declassify the board so that directors stand for election every year.

We now welcome the opportunity to discuss with this company other areas where we see room for improvement, including the board's refreshment process and its oversight of risks.

### Real estate firm proactively engages on governance issues

We engaged in November with a small real estate investment trust that sought our input on governance changes it was contemplating. Specifically, it sought our input on shareholders' right to amend bylaws, but we also discussed the company's holistic governance. We explained our belief that shareholder rights should not be limited unnecessarily, and we shared our preferred threshold for governance provisions, including proxy access, the right to call a special meeting, and a majority vote standard for director elections.

Although the company did not commit to specific changes at that time, we appreciated its seeking our input on these matters and believe that the board will consider such changes in the future. We are hopeful that the company will continue to seek feedback and make governance changes that reflect its shareholders' best interests.

### UK consumer goods firm wrestles with dual-listing issues

Over several months, we assessed the implications of a dual-listed UK consumer goods company that was looking to unify its listing and reincorporate in the Netherlands.

We met with several parties to gain a wide range of perspectives on the proposal. Company executives and the board's senior independent director told us how the single listing would simplify corporate structure. Shareholders were concerned about forced selling as the UK shares were removed from prominent UK market indices. What's more, there was potential concern that the corporate governance environment in the Netherlands would result in reduced shareholder rights, though the company assured shareholders it would hold itself to a higher standard.

While we were evaluating how each fund would vote on the unification proposal, the company announced it would postpone the plan when it became clear it lacked the required support from UK shareholders.

Since then, the company has announced its CEO's retirement, and the board has embarked on a new engagement campaign to understand shareholder concerns about unification, among other questions. We plan to closely monitor developments at the company, with a near-term focus on leadership succession, considerations regarding any future unification plan, and other long-term strategy and corporate governance priorities.

## Company engagements

The following table lists the 356 companies that Vanguard's Investment Stewardship team engaged with during the six months ended 31 December 2018. A bullet (●) indicates a primary topic of the engagement. However, these are open dialogues and can cover a wide range of issues. Secondary topics often come up.

For context, *board composition* discussions can cover topics such as board independence, tenure, and diversity. When we discuss *oversight of strategy and risk*, we want to know whether the board understands how the company will remain relevant over the long term in the context of all relevant risks. Our discussions on *executive remuneration* look at pay in comparison with relevant peers and its linkage to long-term performance benchmarks. Our meetings about *governance structures* focus on companies' provisions that support – or limit – shareholders' ability to effect change over time through their voice or their vote.

Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
3M Co.	●	●	●	
Abbott Laboratories	●	●	●	
AbbVie, Inc.	●	●		●
ABIOMED, Inc.	●			●
ACADIA Pharmaceuticals Inc.			●	
Accenture Plc	●	●		
Activision Blizzard, Inc.	●	●	●	
Adobe, Inc.	●	●		●
Adtalem Global Education, Inc.			●	
AECOM	●		●	
Aflac, Inc.	●	●		
Agilent Technologies, Inc.	●			●
AGL Energy Ltd.		●		
AGNC Investment Corp.			●	●
Air Liquide SA	●	●		●
Alibaba Group Holding Ltd.	●			
Allergan Plc	●	●	●	
Alnylam Pharmaceuticals, Inc.	●	●		●
Alpine Electronics, Inc.	●	●		
Altria Group, Inc.	●	●	●	
American Axle & Manufacturing Holdings, Inc.	●	●	●	●
American Express Co.	●	●		
American International Group, Inc.	●	●	●	
American Outdoor Brands Corp.	●	●		
American Water Works Co., Inc.	●	●	●	
Ameriprise Financial, Inc.			●	●
AmerisourceBergen Corp.	●	●		
AMP Ltd.	●	●		
Anadarko Petroleum Corp.	●	●		
Anheuser-Busch InBev SA/NV	●		●	
Annaly Capital Management, Inc.	●	●		●
Anthem, Inc.	●	●		●



Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
APA Group	•	•	•	
Apache Corp.	•	•	•	
Applied Materials, Inc.	•	•		•
Aptiv Plc	•	•		
Aramark		•	•	
Ardent Leisure Group Ltd.	•	•		
Arrow Electronics, Inc.	•	•		
Aryzta AG		•		
Asahi Group Holdings Ltd.	•	•	•	
Ashford, Inc.		•		
AstraZeneca Plc	•		•	
AT&T, Inc.	•	•		
Australia & New Zealand Banking Group Ltd.	•	•		
Australian Agricultural Co. Ltd.	•	•	•	
Automatic Data Processing, Inc.	•	•		
Aventus Retail Property Fund		•		
Avery Dennison Corp.	•	•	•	
Axos Financial Inc.	•		•	•
Baker Hughes, a GE Co.	•	•	•	•
Ball Corp.	•	•	•	
Banco Bilbao Vizcaya Argentaria SA	•	•		•
Bank of America Corp.	•	•		•
Bank of Montreal	•	•		
Barnes Group, Inc.	•	•	•	
Barrick Gold Corp.	•	•		
BASF SE	•	•		
Baxter International, Inc.	•	•		•
BCA Marketplace Plc	•		•	
Bed Bath & Beyond, Inc.	•	•	•	
Best Buy Co. Inc.	•	•		•
BHP Group Plc	•	•		•
BioCryst Pharmaceuticals, Inc.		•		
BioMarin Pharmaceutical, Inc.	•		•	•
Boeing Co.	•	•		
Boingo Wireless, Inc.	•	•	•	
Booz Allen Hamilton Holding Corp.	•	•		•
Boral Ltd.	•	•	•	
BP Plc	•	•		
Bristol-Myers Squibb Co.	•	•		•
British American Tobacco Plc	•	•	•	
Brookdale Senior Living, Inc.	•	•		•
Brookfield Asset Management, Inc.	•	•	•	•
BT Group Plc	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
Cadence Design Systems, Inc.	•	•		
California Resources Corp.	•	•	•	•
Campbell Soup Co.	•	•		
Canadian Imperial Bank of Commerce	•	•		•
Capital One Financial Corp.	•	•		
Cardinal Health, Inc.	•	•	•	•
Carrefour SA	•	•		•
Catalent, Inc.	•	•		•
Caterpillar, Inc.	•	•		
CBS Corp.	•	•	•	
Celgene Corp.	•	•		•
CenturyLink, Inc.	•	•		
Chevron Corp.	•	•		
China Petroleum & Chemical Corp.	•	•		
Chubb Ltd.	•	•		•
Compagnie Financiere Richemont SA	•	•	•	
Cigna Corp.	•	•		
Cisco Systems, Inc.	•	•	•	•
Citigroup, Inc.	•	•		
Clearwater Paper Corp.	•	•	•	•
CNB Financial Corp. (Pennsylvania)		•		•
CNO Financial Group, Inc.	•		•	•
CNX Resources Corp.			•	
Com Hem Holding AB	•	•		
Commonwealth Bank of Australia	•	•		
Concho Resources, Inc.	•	•		•
ConocoPhillips	•	•	•	
Costco Wholesale Corp.	•	•	•	•
Cracker Barrel Old Country Store, Inc.	•	•		•
Crown Castle International Corp.	•	•		•
CVS Health Corp.	•	•		
Danaher Corp.	•	•	•	
Darden Restaurants Inc.	•	•		
Dell Technologies, Inc.	•	•		•
Delta Air Lines, Inc.	•	•	•	
Detour Gold Corp.	•	•		
Deutsche Boerse AG	•	•		
Deutsche Telekom AG	•	•	•	
Devon Energy Corp.	•	•		
Diageo Plc	•	•		
Dignity Plc			•	
Dollar General Corp.	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
Dollarama, Inc.	•	•		•
Dominion Energy, Inc.	•	•	•	•
Dover Corp.	•	•		
DTE Energy Co.	•	•		•
Duke Energy Corp.	•	•		•
Dynavax Technologies Corp.	•			•
E.ON SE	•	•		
Eastman Chemical Co.	•	•		•
Edwards Lifesciences Corp.	•	•		
Ellaktor SA	•	•		
Entergy Corp.	•	•		
Envision Healthcare Corp.	•	•	•	
EOG Resources, Inc.	•	•		
Equifax, Inc.	•	•	•	
Equinix, Inc.	•	•	•	
Etsy, Inc.	•	•	•	•
Eversource Energy		•		
Exelon Corp.	•	•		
Expeditors International of Washington, Inc.	•	•	•	
Exterran Corp.	•	•		•
Exxon Mobil Corp.	•	•	•	
Fidelity National Information Services, Inc.	•	•	•	
Five Below, Inc.	•	•		
Flowers Foods, Inc.	•	•	•	•
Flushing Financial Corp.			•	
Forest City Realty Trust, Inc.		•		
Fortescue Metals Group Ltd.	•	•		
Franco-Nevada Corp.	•	•	•	
General Dynamics Corp.	•	•	•	
General Electric Co.	•	•		
General Mills, Inc.	•	•		
GenMark Diagnostics, Inc.	•		•	
Genworth Financial, Inc.			•	
GGP, Inc.		•		•
Gilead Sciences, Inc.	•			•
Glaukos Corp.	•	•	•	•
GlaxoSmithKline Plc	•	•		
Glencore Plc	•	•		
H&R Block, Inc.	•	•	•	•
Haemonetics Corp.	•	•	•	•
Halliburton Co.	•	•	•	

Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	•	•		•
Hasbro Inc.	•	•		
Hawaiian Electric Industries, Inc.	•	•		•
H.B. Fuller Co.	•	•	•	
Hologic, Inc.	•	•	•	•
HomeStreet, Inc.	•	•		•
Honda Motor Co., Ltd.	•	•	•	
Honeywell International, Inc.	•	•		
Humana, Inc.	•	•	•	
Huntington Ingalls Industries, Inc.	•	•		
IDACORP, Inc.	•	•		
Impac Mortgage Holdings, Inc.			•	
Incyte Corp.			•	
Inmarsat Plc			•	
Intercontinental Exchange, Inc.	•	•		
International Business Machines Corp.	•	•		
International Consolidated Airlines Group SA	•	•		
Intuit, Inc.	•	•		
Investa Office Fund		•		
ITT, Inc.	•	•	•	•
Jefferies Financial Group Inc.			•	
John Bean Technologies Corp.	•	•		
Johnson & Johnson	•	•		
Johnson Controls International Plc	•	•	•	
JPMorgan Chase & Co.	•	•	•	
Jupiter Fund Management Plc	•	•		
KAR Auction Services, Inc.	•	•	•	•
Kellogg Co.	•	•		•
Kirin Holdings Co., Ltd.	•	•		
KLA-Tencor Corp.	•	•		•
Koninklijke DSM NV	•	•		•
Laboratory Corp. of America Holdings	•	•		
Lam Research Corp.	•	•		
Liberty Global Plc	•		•	•
Linde Plc	•	•		
Lions Gate Entertainment Corp.	•		•	
Live Nation Entertainment, Inc.	•		•	
Lockheed Martin Corp.	•	•		
Lowe's Cos., Inc.	•	•		•
LPL Financial Holdings, Inc.	•	•		•
Lundin Petroleum AB	•	•		

Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
M&T Bank Corp.	•	•	•	
Macquarie Group Ltd.		•	•	
Macquarie Infrastructure Corp.	•	•	•	
Mallinckrodt Plc		•	•	
Marsh & McLennan Cos., Inc.	•	•		
MasterCraft Boat Holdings, Inc.	•	•	•	•
Matador Resources Co.	•	•	•	•
McKesson Corp.	•	•	•	
MDU Resources Group, Inc.	•	•	•	
Medifast, Inc	•	•	•	
Medtronic Plc	•	•		
Merck & Co., Inc.	•	•		
Meta Financial Group, Inc.			•	
MGM Resorts International	•	•		
Microsoft Corp.	•	•	•	
Mitsui Fudosan Co., Ltd.	•	•		
Mizuho Financial Group, Inc.	•	•		
Molina Healthcare, Inc.	•	•	•	•
Monro, Inc.	•	•	•	•
Morgan Stanley	•	•		
Muenchener Rueckversicherungs- Gesellschaft AG	•	•		
Nabors Industries Ltd.	•	•	•	•
Nasdaq, Inc.	•	•		•
Naspers Ltd.	•		•	•
National Australia Bank, Inc.			•	
National Grid Plc		•	•	
Nestle SA	•	•		•
NetApp Inc.	•	•		•
New York REIT, Inc.		•		
News Corp.	•	•	•	•
NextEra Energy, Inc.	•	•		
NIKE, Inc.	•	•		•
Norfolk Southern Corp.	•	•	•	
Novartis AG	•	•		
Nuance Communications, Inc.	•	•	•	•
Nutrisystem, Inc.	•	•		
NVIDIA Corp.	•	•		
Occidental Petroleum Corp.	•	•		
Omnicom Group, Inc.	•	•		•
Oracle Corp.	•	•	•	
Owens Realty Mortgage, Inc.	•	•		•

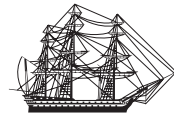
Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
Owens-Illinois, Inc.	•	•	•	
Palo Alto Networks, Inc.			•	
PayPal Holdings, Inc.	•	•		
Pebblebrook Hotel Trust	•	•		
Persimmon Plc	•	•	•	
Pfizer, Inc.	•	•		
Philip Morris International, Inc.	•	•	•	
Plantronics, Inc.	•	•	•	•
Polaris Industries, Inc.	•	•	•	•
PPG Industries, Inc.	•	•	•	•
PPL Corp.	•	•		
Premier Foods Plc	•	•		
Primerica, Inc.		•	•	•
Propertylink Group	•	•		
Prudential Financial, Inc.	•	•	•	
Public Storage	•	•		
QTS Realty Trust, Inc.		•		•
QuinStreet, Inc.			•	
Ralph Lauren Corp.	•	•	•	•
Randgold Resources Ltd.		•		
Range Resources Corp.	•	•	•	
Realty Income Corp.	•	•		•
Regeneron Pharmaceuticals, Inc.	•		•	•
Regions Financial Corp.	•	•	•	•
Regis Corp.	•	•	•	
Rio Tinto Ltd.	•	•	•	
Rite Aid Corp.	•	•	•	
Sanderson Farms, Inc.	•	•		
SAP SE	•	•	•	•
Schlumberger Ltd.	•	•	•	
Seattle Genetics, Inc.	•			•
SeaWorld Entertainment, Inc.	•		•	
Sempra Energy	•	•	•	
Shake Shack, Inc.	•	•	•	•
Sinopec Oilfield Service Corp.		•		
South32 Ltd.	•	•	•	•
Spire, Inc.	•	•		•
Sports Direct International Plc	•	•		•
Standard Chartered Plc	•	•	•	
Stanley Black & Decker, Inc.	•	•		
Star Entertainment Grp Ltd.	•	•		
Starbucks Corp.	•	•		



Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
Starwood Property Trust, Inc.	•			•
Stockland	•	•	•	
Sumitomo Corp.	•	•		
Sumitomo Metal Mining Co., Ltd.	•	•		•
Sumitomo Realty & Development Co., Ltd.	•			•
SunTrust Banks, Inc.	•	•		
Swiss Re AG	•	•	•	
Syneos Health, Inc.	•		•	•
Synovus Financial Corp.	•	•		
Tableau Software, Inc.	•	•	•	•
Takeda Pharmaceutical Co, Ltd.	•	•		
Tapestry, Inc.	•			
Target Corp.	•	•		
Tejon Ranch Co.	•	•	•	•
Telefonica SA	•	•	•	
Tesla, Inc.	•	•		
Teva Pharmaceutical Industries Ltd.	•		•	•
Texas Instruments Incorporated	•	•	•	•
The AES Co.	•	•		
The Charles Schwab Corp.	•	•		•
The Clorox Corp.	•	•		
The Estee Lauder Companies, Inc.	•	•	•	•
The Goldman Sachs Group Inc.	•	•	•	•
The Goodyear Tire & Rubber Co.	•	•		
The Hanover Insurance Group, Inc.	•	•		
The Home Depot, Inc.	•	•	•	•
The J.M. Smucker Co.	•	•	•	
The RMR Group Inc.	•	•		•
The Toronto-Dominion Bank	•	•	•	
Tokio Marine Holdings, Inc.	•	•		
Toll Brothers, Inc.	•		•	•
Total SA	•	•		
TrueCar, Inc.			•	•
Twenty-First Century Fox, Inc.	•	•	•	
Twitter, Inc.	•	•		•
UBS Group AG	•	•	•	•
Unilever Plc	•	•		•
Union Pacific Corp.	•	•	•	
United Natural Foods, Inc.	•	•	•	
United Technologies Corp.	•	•		
UnitedHealth Group, Inc.	•	•	•	
U.S. Bancorp	•		•	

Company name	Board composition	Oversight of strategy and risk	Executive remuneration	Governance structures
Varian Medical Systems, Inc.	•	•	•	
Vectura Group Plc	•		•	
Verizon Communications, Inc.	•	•		
ViaSat, Inc.		•	•	
Virtusa Corp.	•	•	•	
Visa, Inc.	•	•		
Vista Outdoor, Inc.	•	•	•	
VIVUS, Inc.	•		•	
Vodafone Group Plc	•	•		
Vonovia SE	•	•	•	
Vornado Realty Trust	•	•		
Walker & Dunlop, Inc.			•	
Walt Disney Co.		•	•	
WEC Energy Group, Inc.	•	•		
Wells Fargo & Co.	•	•		
WESCO International, Inc.	•	•	•	
Wesfarmers Ltd.	•	•		
Western Digital Corp.	•	•	•	
Westpac Banking Corp.	•	•		
Wheeler Real Estate Investment Trust, Inc.	•	•		
Whitehaven Coal Ltd.		•		
Whitestone REIT			•	•
Wienerberger AG	•	•	•	
Woodside Petroleum Ltd.	•	•	•	
Woolworths Group Ltd.	•	•		
World Acceptance Corp.	•	•	•	
Wynn Resorts Ltd.	•	•	•	
Xenia Hotels & Resorts, Inc.	•			•
Yamaha Motor Co., Ltd.	•	•		
Yelp, Inc.	•	•		•
Yum China Holdings, Inc.	•	•		•
Zayo Group Holdings, Inc.				•





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