

BRING ON THE

In an exciting evening, the winners of NYSE Governance Services' second annual Governance, Risk and Compliance Leadership Awards claimed their victories at this year's red-carpet affair.

APPLAUSE!

BY KIMBERLY CROWE AND
DEBORAH SCALLY

After months of waiting and an evening spent in anticipation, the nine winners of the 2015 NYSE Governance Services Governance, Risk, and Compliance Awards were enthusiastically announced at the black-tie dinner and ceremony at the New York Stock Exchange.

This year's awards, open to all publicly traded companies in the United States and individuals who work for these companies, were divided into nine categories designed to illuminate companies following best practices and demonstrating strong leadership in corporate governance and compliance.

"NYSE Governance Services' Governance, Risk, and Compliance Leadership Awards underscore the role that corporate governance plays in

shaping a company's success and a board's contribution to long-term value. The outstanding companies and individuals recognized by this year's awards program represent truly exemplary leadership in today's evolving GRC landscape," said NYSE Governance Services president, Adam Sodowick.

Presiding over the deliberation to determine the 2015 winners was a panel of judges whose reputations offer unequivocal integrity. This year's judges were Stephen L. Brown, principal, Edgerton Group and former president and CEO, Society of Corporate

Secretaries & Governance Professionals; William B. Chandler III, former chancellor, Delaware Court of Chancery, and partner, Wilson Sonsini Goodrich & Rosati; Veta T. Richardson, president and CEO, Association of Corporate Counsel; Mary Schapiro, 29th chairperson of the US Securities and Exchange Commission; Anne Sheehan, director of corporate governance, California State Teachers' Retirement System (CalSTRS); F. Daniel Siciliano, professor and faculty

2015 GOVERNANCE, RISK, AND COMPLIANCE AWARD CANDIDATES

The following companies all participated in the 2015 nomination process by submitting candidates to one or more award categories. There were many fine submissions this year—making several categories very close competitions. NYSE Governance Services sincerely thanks all the companies listed here for taking part in this year's program, which is designed to shine a light on sound board, compliance, and risk practices across the public company spectrum.

3M CO.	KEMET CORP.
ACUITY BRANDS, INC.	LAYNE CHRISTENSEN CO.
AMN HEALTHCARE SERVICES, INC.	LINCOLN FINANCIAL GROUP
APOLLO GROUP	LOCKHEED MARTIN CORP.
ATLAS AIR WORLDWIDE HOLDINGS, INC.	MACY'S, INC.
ATMEL CORP.	MANPOWERGROUP
BMO FINANCIAL GROUP	MCKESSON CORP.
CATERPILLAR INC.	MIDDLESEX WATER CO.
CMS ENERGY CORP.	MONSANTO CO.
CRACKER BARREL OLD COUNTRY STORE, INC.	NAVIENT
DARDEN RESTAURANTS	NETAPP
DELPHI AUTOMOTIVE	NORTHWESTERN CORP.
DIPLOMAT PHARMACY	PEPSICO, INC.
ENSCO	PROFIRE ENERGY
FREESCALE SEMICONDUCTOR	PRUDENTIAL FINANCIAL
HERSHA HOSPITALITY TRUST	RED HAT, INC.
HOLOGIC, INC.	SEMPRA ENERGY
HUNTINGTON BANCSHARES INC.	SPECTRA ENERGY CORP.
INGREDION INC.	THE BANK OF NOVA SCOTIA
JACK IN THE BOX INC.	THE HARTFORD FINANCIAL SERVICES GROUP, INC.
	THE HERSHEY CO.
	VOYA FINANCIAL, INC.
	WELLS FARGO & CO.

director, Arthur and Toni Rembe Rock Center for Corporate Governance, and associate dean for Executive Education and Special Programs, Stanford Law School; and Gretchen A. Winter, executive director, Center for Professional Responsibility in Business and Society, College of Business, University of Illinois at Urbana-Champaign.

Earlier in the evening, attendees enjoyed a sparkling, red-carpet reception on the New York Stock Exchange trading floor. After dinner, attendees were treated to the entertaining repartee of Meagan Flanigan and T.J. Shanoff from The Second City, who served as emcees for the evening. Leading firms known for their expertise in various aspects of governance, risk, and compliance served as category sponsors and announced the list of finalists and winners for each award. Award sponsors included the Center for Audit Quality; D.F. King & Co., an AST One Co.; Diligent; Norton Rose Fulbright; PwC; RSA; Semler Brossy Consulting Group; and Spencer Stuart.

NYSE Governance Services proudly recognizes all the finalists (see sidebar) for their strong credentials and participation in the program and offers its congratulations to the nine winners in each category, whose stories are presented in the pages that follow.

NAVIENT



Cindy Fornelli,
executive director,
Center for Audit
Quality, presented
the award.

FINALISTS
Macy's, Inc.; Voya
Financial, Inc.



Best Board Diversity Initiative

Navient, the nation's leading loan management, servicing, and asset recovery company, began trading on May 1, 2014, after successfully completing its strategic separation from Sallie Mae (SLM Corp.).

Navient retained seven directors from the original Sallie Mae board of 14. As part of the separation transaction, President and CEO Jack Remondi and his fellow directors recognized the need to redesign the board. Together, they set a primary and secondary goal for the search process: to recruit new directors with the targeted industry or functional expertise needed to diversify the existing breadth of experience on the board and align with the company's strategic growth priorities and to recruit new directors who would diversify the gender, ethnicity, and age of the board.

The nominating and governance committee, led by Barry Munitz, knew it needed to fill multiple board profiles.

"We needed a more diverse group which reflected our constituency," explains Munitz. "We needed to look around the board table and see a better representation of the ethnicity and gender that we see in our clients and in our customers."

The topic of succession was also discussed. "In this case, diversity not only

included gender and experience, but age was also important," adds board chair William Diefenderfer. "We concluded that the board had several older members who might be leaving around the same time. It would not be prudent planning if we didn't have individuals ready to take over the important governance role."

To find candidates, the Navient nominating and governance committee took an aggressive and inclusive approach. Through the process, it employed Diversified Search, the largest female-owned retained executive search firm in the world.

The leadership of the committee also opened up interviews with those candidates to all board members, not just committee members.

By executing an aggressive and inclusive search, the nominating and governance committee accomplished its goals. As of December 2014, the company had added six new, experienced leaders to the board of directors. With these board appointments, Navient today has the largest number of women independent directors of any company on the S&P 500. In fact, it surpassed board gender parity with the appointment of the seventh woman independent director out of 13 members—or 54%.

Diefenderfer attended the ceremony and offered these remarks upon accepting the award: "[This award] is the result of a three-step process: First, our nominating governance committee, chaired by Dr. Barry Munitz, met with our CEO, Jack Remondi, and asked what skills sets he needed on the board to round out our ability to help him manage the company; next, the committee determined, with management's agreement, that diversity would be the second [factor]; third, we sought out a search firm that specializes in diversity. They brought five people to us, and we only needed four, but the fifth was so good we expanded the size of the board."

As a result, today's board represents a diverse breadth of experience, industry, gender, and age. "Other firms said executing our plan was going to take considerable time because the talent pool wasn't there," says Munitz. "But we proved that was not the case. A high-quality board and a diverse board are not mutually exclusive. We can already see the difference; the new board members have made a meaningful contribution on every major agenda item before the board since they joined and have been pivotal to our success."