

# LongView Funds: First Half of 2019 Corporate Governance and Proxy Voting Report Executive Summary

During the first half of 2019, the LongView Funds (the “Funds”) continued their tradition of taking a long-term view of shareholder value by actively promoting sound governance practices at companies held in our portfolios. This active ownership practice includes the thoughtful and diligent exercise of our voting rights as well as engaging with our portfolio companies on a variety of issues.

Consequently, we take an assertive approach of promoting best practices at portfolio companies and eliminating practices that are inimical to long-term growth. We do this through various mechanisms, including dialogues with companies on governance issues of concern and shareholder proposals that give all shareholders an opportunity to vote on a particular matter of concern.

This report provides an overview of our shareholder activities during the first half of 2019. It summarizes how the Funds’ shares were voted on key issues and is intended to be a companion to the individual proxy reports that detail how we voted on each proxy and the rationale for our voting decisions for each of the Funds.

## SHAREHOLDER ENGAGEMENTS AND RESOLUTIONS

With the assistance of As You Sow, the Funds have been active in engaging companies in the area of Board Diversity, Climate Change and Forced Labor/Human Trafficking.



### Promoting Board diversity

Board accountability means embracing diversity and assuring that the board of directors in a company represents a diversity of experience and expertise. Starting in 2014, the Funds began a campaign to advance the goal of board diversity by focusing on companies that have no female directors and, in some instances, no minority directors. This campaign rests on empirical data supporting the belief that companies with a diverse board membership perform better than companies that lack such diversity. This past year, we engaged with several companies on board diversity, including the following: **Eastman Kodak, Sketchers, Caesars Entertainment, The Habit Restaurants and New Media Restaurants.**



### Climate Change and the Impact on Long-Term Investing

In 2015, 196 parties at the U.N. Climate Change Conference agreed to limit climate change to an average global warming of 2 degrees Celsius above pre-industrial temperatures, with a goal of limiting it to 1.5 degrees Celsius. The Intergovernmental Panel on Climate Change states that to reach this goal, CO2 emissions must fall to zero by 2040 to 2070, and scientists agree that reaching the Paris Agreement’s 1.5 degree goal means that the world must reach net-zero greenhouse gas emissions by 2030 to 2050, sooner than is currently planned by most corporations and nations.

Starting in the second half of 2016, the Funds filed shareholder proposals asking some leading companies in the “new economy” to assess the feasibility of achieving “net-zero” energy efficiency by 2030. We have filed shareholder proposals with prominent companies to request them to prepare a report that evaluates the feasibility of achieving by 2030 “net-zero” emissions of greenhouse gases from all aspects of their businesses. Achieving net-zero emissions essentially means a reduction in the level of greenhouse gases emitted on an annual basis to a level roughly equal to the amount of renewable energy created by an individual entity.

This past year, we filed five shareholder proposals (either as lead or co-filer) on this topic with the following companies: The **Cooper Companies**, **Verizon**, **Amazon**, and **PayPal**.

### Forced Labor

In 2018, the Funds commenced filing resolutions with companies in the area of forced labor. We filed shareholder proposals for the following companies: **Ralph Lauren**, **Hanesbrand**, **Amphenol**, **Corning** and **Texas Instruments**.

### UNPRI

We continued our participation with an international group of investors through the United Nations Principles of Responsible Investment, to which we are a founding signatory. UNPRI seeks to develop guidelines for investors and companies to incorporate environmental, social, and governance considerations into incentive pay and promote sustainable, long-term performance for investors. The final report, *Integrating ESG Issues into Executive Pay*, was published by the UN PRI in June 2012.



## SHAREHOLDER LITIGATION UPDATE

For 2018, Amalgamated Bank continued its practice of pursuing litigation to advance good corporate governance goals. There were developments in several ongoing cases, as well as a number of cases filed in 2017.

### New shareholder litigation

While the Fund settled the stock reclassification lawsuit, it has now commenced another lawsuit against Facebook for violation of the Securities and Exchange Act by its sharing of user data with Cambridge Analytica and its affiliates. The complaint alleges that due to its false statements and omissions, Facebook artificially inflated its stock price. The revelation of the FTC investigation into Facebook regarding its use of user data caused the stock value to fall substantially. Plaintiffs are co-lead plaintiff, and are being represented by Robin Geller.

### Highlights of Pending Litigation

The Funds are the lead plaintiff in a class action suit against *Corrections Corporation of America* (“CCA”), which is the largest private corrections company in the United States that was filed in October 2016. The Complaint alleges securities fraud by the company in connection with safety and security violations in its operations pursuant to contracts with various government entities. A motion for class certification was granted. Defendants’ appeal of this ruling was denied.

The Funds are also a lead plaintiff in the pending *Cognizant Technology* case, which arises out of disclosures that this information technology outsourcing company and some of its most senior executives were secretly bribing government officials to gain favored status for the Company’s outsourcing

facilities in India. On August 10, 2018, the Court denied in substantial part defendants’ motions to dismiss the complaint. The Court also preserved plaintiff’s entire Class Period. Defendants have filed a petition to appeal denial of the motion to dismiss.

We have filed an action seeking “books and records” against *United Health Care*, as a result of a Department of Justice (“DOJ”) investigation into systematic overbilling of Medicare patients. The Chancery Court ruled in our favor with respect to our document demands, and the Delaware Supreme Court affirmed that ruling. Similarly, we have filed a derivative suit against *Universal Health Services* based on another DOJ investigation into overbilling of psychiatric patients.

We have also joined a pending shareholder derivative action against Ebix, Inc. (“Ebix”) that challenges the validity and interpretation of a 2009 bonus agreement that purportedly triggers a \$569,000,000 bonus payment to Ebix’s CEO in the event of a change of control of the company. The Fund has been designated a co-class representative. Trial took place in August, 2018. The parties settled the matter in April 2019 obtaining substantial limitations of the CEO’s bonus payment and improvements to corporate governance.

We are also one of the lead plaintiffs in the *Facebook* securities litigation. The claims grow out of alleged concealment of *Facebook*’s improper privacy and data collection practices.



## PROXY VOTING

The Funds vote each and every proxy according to comprehensive proxy voting guidelines. Upon careful consideration of which vote would be in the best interests of shareholders and in adherence to the guidelines as laid out in LongView's proxy voting guidelines.

The following chart highlights several statistics of how the Funds voted on major proxy items appearing on proxies in the first half of 2019:

LONGVIEW FUNDS' VOTES ON SELECT PROXY ITEMS, JANUARY 2019 TO JUNE 2019			
	FOR	AGAINST	WITHHOLD
<b>BOARD OF DIRECTORS ISSUES</b>			
Election of individual directors	76.2%	8.3%	15.5% <sup>i</sup>
Declassify Board of Directors	100%	0%	0%
Adopt majority voting standard to elect directors	100%	0%	0%
Adopt "proxy access" bylaw for electing directors	100%	0%	0%
Requirement of Independent Chair	100%	0%	0%
<b>EXECUTIVE COMPENSATION ISSUES</b>			
Advisory Vote on Golden Parachutes	53%	47%	0%
<b>OTHER ISSUES</b>			
Board Diversity	100%	0%	0%
Community Environmental Impact	100%	0%	0%
Lobbying Disclosure	100%	0%	0%

This marketing communication is intended for professional clients only. Amalgamated Bank represents the asset management activities conducted by Amalgamated Bank. This document has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by Amalgamated Bank, are appropriate, in light of their particular investment needs, objectives and financial circumstances. Furthermore, any report or analysis within this document is shown for information/discussion/illustrative purposes and does not constitute an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. All opinions and estimates herein, reflect our judgment on the date of this report and are subject to change without notice and involve a number of assumptions which may not prove valid. Investments are subject to various risks, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you may not recover the amount originally invested at any point in time. Furthermore, substantial fluctuations of the value of the investment are possible even over short periods of time. This publication contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. The forward looking statements expressed constitute the author's judgment as of the date of this material. Forward looking statements involve significant elements of subjective judgments and analyses and changes thereto and/or consideration of different or additional factors could have a material impact on the results indicated. Therefore, actual results may vary, perhaps materially, from the results contained herein. No representation or warranty is made by Amalgamated Bank as to the reasonableness or completeness of such forward looking statements or to any other financial information contained herein. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the offering documents. When making an investment decision, you should rely on the final documentation relating to the transaction and not the summary contained herein. This document may not be reproduced or circulated without our written authority. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States. Investment instruments are not insured by the Federal Deposit Insurance Corporation ("FDIC") or any other governmental entity, and are not guaranteed by or obligations of Amalgamated Bank or its affiliates. ©2019 Amalgamated Bank. All rights reserved.

<sup>i</sup> This figure includes 0.18% for abstaining votes.

