



LongView Funds Corporate governance and proxy voting report Executive summary

January 1, 2014 – December 31, 2014

Amalgamated Bank's LongView Funds take seriously our fiduciary duty to protect our clients' investments. Since the inception of the LongView Funds, we have promoted long-term shareholder value by actively engaging the companies in the LongView Funds' portfolios as an important part of protecting those investments. As part of our engagements, we concur with the Department of Labor's Staff Legal Bulletin that proxy votes are "assets" and should be exercised judiciously and responsibly. Accordingly, we scrutinize every voting item that is presented on portfolio companies' proxies and cast votes that we believe will promote shareholder value over the long-term.

Our engagements with companies go beyond proxy voting, however. We also continuously monitor our portfolios for poor financial performance and to detect practices that we believe may place the Funds' investments at risk. We select companies to engage and encourage companies to adopt leading corporate governance practices. We believe this will preserve shareholder value and encourage solid future financial performance.

Engaging companies to promote sustainable value creation.

This report provides an overview of our shareholder activities during 2014. It summarizes how LongView Fund shares were voted on key issues and the shareholder engagements and initiatives that we have pursued from January 1, 2014, to December 31, 2014. It is a companion piece to the individual proxy reports that detail how we voted on each proxy and the rationale for our voting decisions for each of the LongView Funds.

Shareholder engagements and resolutions

Promoting pay-for-performance

The LongView Funds believe that senior executives' pay should be aligned with the performance of the companies they manage. If a company is performing well, it may be reasonable for an executive to be paid well. However, we oppose pay practices that excessively reward executives who have not performed well. As such, we urge companies to avoid practices that risk paying significant corporate assets as windfalls to executives, regardless of how well or poorly the executives have done. The LongView Funds have spearheaded recent work to curtail the long-running practice of companies automatically rewarding executives with unearned equity, such as options and stock awards, when companies merge or get acquired. In our view, equity awards should be based on performance and should not reward executives who have failed. It may be appropriate for an executive who loses employment to receive some type of severance or equity that has been earned based on how well he or she has performed as an executive, but we think paying all unearned equity regardless of whether an executive has

done a good job is not in shareholders' interests. A LongView shareholder resolution at Valero Energy became the first shareholder proposal to garner the support of a majority of investors at a company on this topic. Other labor and public employee funds have joined the effort and three additional resolutions received majority support during the 2014 proxy season.

In addition to promoting pay that is aligned with performance, the LongView Funds also encourage companies to adopt robust clawback policies, to enable companies to recoup incentive pay to senior executives if a company determines that incentive pay was based on misstated financial results or misconduct. For example, in the wake of alleged violations of foreign bribery and corruption laws and regulations, Walmart already has paid nearly a half billion dollars in legal and related expenses. However, to date, the company has not disclosed whether it has taken any action to recoup incentive compensation from executives implicated in the scandal. LongView joined leading institutional investors, the UAW Trust and the Illinois State Board of Investment, to sponsor a resolution asking the company to disclose when, if ever, it adjusts past executive pay for any executive whose misconduct contributed to substantial financial losses at the company. The resolution received significant support from independent shareholders at the company, where the founding family continues to hold a majority stake.

Board accountability

At the core of good governance are the policies by which we as investors elect directors to corporate boards to represent us. LongView supports policies that ensure such directors remain accountable to investors. Accordingly, the LongView Funds support director election standards by which directors must be elected with the support of a majority of shareholders. If a director does not garner the support of a majority of shareholders in an uncontested election, we believe that the director should not continue to serve on a board. We also believe that all directors should face election on an annual basis to ensure a regular review of directors' performance. Empirical evidence indicates that companies with annual director elections tend to deliver better shareholder returns over the long-term. LongView shareholder resolutions prompted new election standards for directors at a number of companies, including Kilroy Realty Corporation, Aeropostale, Flower Foods, Healthways, Inc. and others. Companies such as Comstock Resources and Papa John's Pizza agreed to implement annual elections for directors.

Holding board directors accountable to shareholders.

Transparency of political spending

LongView recognizes that many companies provide financial support to political candidates and organizations in order to have a voice regarding policies that may affect their business strategies. As long-term investors, we also recognize that political participation by companies comes with risks. For example, corporate assets may be spent based on the individual political preferences of executives and not the company's long-term interests, any violations of campaign finance laws may prompt legal and regulatory fines and other consequences, and public positions on controversial political issues may prompt consumer backlashes to the detriment of a company's bottom line. Accordingly, LongView asks companies to ensure that the board of directors is aware of and exercising oversight of all political spending with corporate assets by regularly reviewing political contributions. Moreover, LongView asks companies to be transparent by publicly reporting all political spending, including spending to trade association and associations organized under IRS code sections 501(c)(4) and 527, some of which are often referred to as "SuperPAC's", that are not subject to any public disclosure rules. We believe transparency enhances accountability to promote political spending that is justifiable by a company's business strategy. LongView resolutions in 2014 received majority support at Smith & Wesson, 40% support at Olin Corporation, and prompted improved policies at Sturm Ruger & Co.

Proxy voting

Amalgamated Bank's LongView Funds vote proxies at the companies in which we invest according to stringent proxy voting guidelines. We are pleased to report that once again, after careful consideration and in adherence to the LongView Proxy Voting Guidelines, LongView shares supported each of the AFL-CIO's Key Votes Survey votes for the 2014 proxy season.

The following chart highlights several statistics of how LongView Funds voted on major proxy items and themes during 2014.

LongView Funds' votes on select proxy items, January to December 2014

	For	Against	Abstain
Board issues			
Election of Directors	76%	24%	0%
Executive compensation			
Advisory votes on executive compensation	48%	51%	1%
Executive equity plans	13%	87%	0%
Shareholder proposals			
Establish an independent board chair	100%	0%	0%
Annual elections for directors	100%	0%	0%
Establish majority vote standard for director elections	100%	0%	0%
Executive compensation issues	92%	7%	1%
Environmental issues	96%	4%	0%
Labor and human rights issues	95%	0%	5%

LongView corporate governance — 2014 Resolutions-at-a-glance

Board accountability

Adopt annual elections for all director nominees (declassification)

Company	Industry	Status
Services Corp Int'l	Funeral services	Resolution received 80% support
Comstock Resources	Oil & gas	Withdrawn: Successful negotiations
Papa John's Pizza	Restaurants	Withdrawn: Successful negotiations

Implement majority vote standards for director nominees

Company	Industry	Status
Unit Corporation	Oil & gas	Resolution received 83% support
Arch Coal Inc	Coal mining	Resolution received 45% support
Allegiant Travel	Airlines	Received 42% (77% of independent shares)
Rovi Corp	Systems software	Withdrawn: Successful negotiations
Harsco Corp	Industrial machines	Withdrawn: Successful negotiations
Kilroy Realty Corp	Property mgmt	Withdrawn: Successful negotiations
Healthways Inc	Health equipment	Withdrawn: Successful negotiations
Aeropostale	Apparel retail	Withdrawn: Successful negotiations
Flower Foods	Food processing	Withdrawn: Successful negotiations

Urge board to adopt policy of lead trustee independence

Company	Industry	Status
Acadia Realty Trust	Property mgmt	Withdrawn: Successful negotiations

Pay-for-performance executive compensation

Curtail automatic vesting of equity upon mergers & acquisitions

Company	Industry	Status
Walgreen	Retail	Withdrawn: Successful negotiations
Health Care REIT	Property mgmt	Withdrawn: Successful negotiations
Simon Property Group	Property mgmt	Withdrawn: Successful negotiations
Valero	Oil & gas	Resolution received 56% support
First Energy	Utilities	Resolution received 25% support
Avon	Consumer products	Resolution received 31% support

Disclosure of future clawbacks

Company	Industry	Status
Walmart	Retail	Received 15% (38% of independent shares)

Benchmark compensation to peer average, not above-average benchmark

Company	Industry	Status
Boston Properties	Property mgmt	Withdrawn: Successful negotiations

Prohibit insiders from pledging shares of company stock

Company	Industry	Status
FedEx Corporation	Logistics	Resolution received 27% support

Political spending reporting

Urge board to board oversight and full disclosure of political spending

Company	Industry	Status
Sturm Ruger & Co	Gun manufacturing	Withdrawn: Successful negotiations
Olin Corporation	Ammunition manufacturing	Resolution received 40% support
Smith & Wesson	Gun manufacturing	Resolution received 56% support

As of December 31, 2014

LongView corporate governance — Amalgamated Bank LongView Funds

Results of 2014 AFL-CIO Key Votes Survey

Shareholder proposals — AFL-CIO recommended vote: For

Company	Meeting	Proposal subject	LongView vote
Abercrombie & Fitch	June 19, 2014	Equal access to proxy	For
Bank of America	May 7, 2014	Board oversight of political contributions	For
Boston Properties	May 20, 2014	Equal access to proxy	For
Cablevision	May 22, 2014	1 share, 1 vote recapitalization	For
Charles Schwab	May 15, 2014	Equal employment opportunity	For
Chevron	May 28, 2014	Country selection guidelines	For
Crown Holdings	April 24, 2014	Limit executive retirement benefits	For
Equity Lifestyle Properties	May 13, 2014	Board oversight of political contributions	For
Exxon	May 28, 2014	Board oversight of political contributions	For
Facebook	May 22, 2014	Sustainability report	For
FirstEnergy	May 20, 2014	Limit executive retirement benefits	For
Google	May 14, 2014	Tax policy principles	For
Healthcare Services Group	May 27, 2014	Independent chair	For
Kellogg	April 24, 2014	Human rights report	For
Leggett & Platt	May 7, 2014	Equal employment opportunity	For
Nabors Industries	June 3, 2014	Pay for performance standards	For
Reynolds American	May 8, 2014	Board oversight of political contributions	For
SLM	June 25, 2014	Board oversight of political contributions	For
Superior Energy	May 14, 2014	Human rights report	For
Swift Transportation	May 8, 2014	1 share, 1 vote recapitalization	For
T-Mobile US	June 5, 2014	Human rights report	For
Urban Outfitters	May 27, 2014	Board diversity	For
Vornado	May 22, 2014	Independent chair	For
WalMart Stores	June 6, 2014	Disclose use of clawback policy	For
Wells Fargo	April 29, 2014	Mortgage servicing operations	For

Board proposals — AFL-CIO recommended vote: Against, Withhold or Abstain

Company	Meeting	Proposal subject	LongView vote
Domino's Pizza	April 24, 2014	Advisory vote on executive compensation	Against
Willbros Group	May 20, 2014	Election of director Daniel E. Lonergan	Against

As of December 31, 2014

