



LongView Funds Corporate Governance and Proxy Voting Report Executive Summary

December 2013

Throughout 2013, the LongView Funds (the “Funds”) continued their twenty year tradition of taking a long-term view of shareholder value by actively promoting sound governance practices at companies held in our portfolios. By actively engaging companies to promote environmental, social, and governance (“ESG”) practices, the Funds believe that we will support sustainable shareholder value creation over the long-term, to the benefit of LongView’s clients. Our governance monitoring, active proxy voting, and company engagement programs are applied to each of our public equity strategy funds, from largecap to smallcap companies and include both S&P indexed funds and Russell 1000 and 3000 strategies.

This Executive Summary describes a number of the shareholder initiatives, including shareholder resolutions, litigation, and dialogues, that the LongView Funds undertook during 2013.

Shareholder Engagements and Resolutions

Promoting Pay-for-Performance for Executives

The Funds believe that companies in our portfolio should align executive pay practices with the performance the companies deliver to shareholders. Towards that end, the Funds successfully engaged several companies, including Norfolk Southern and Ventas, to discontinue the practice of making contractual commitments to cover executives’ excise tax obligations, or “gross-up” provisions. “Gross-ups,” or money paid by the company to cover taxes on executives’ severance packages, are not linked to company performance and can be costly to companies and their shareholders. In our view, executives should cover their own income tax obligations and should not be covered by corporate assets that would otherwise be available for reinvestment or shareholders.

In a related area, the Funds’ work to curtail golden parachute windfalls to executives continued. While we believe some type of severance to departing executives may at times be justifiable, we do not believe that “exit packages” should be excessive or reward failed leadership. To that end, the Funds sponsored several shareholder resolutions and reached agreements at companies, such as Anadarko Petroleum, to curtail the practice to disregard performance requirements for executives’ equity grants if the company merges or is taken over. Disregarding the performance criteria risks allowing executives to walk away with significant payouts, even when an executive has not performed. The Funds seek to avoid the risk of such “pay-for-failure” by urging companies to prorate or forfeit unvested equity upon a change-in-control. The Funds have been joined by numerous public and labor funds, as well as other investors, in urging more companies to reform accelerated vesting provisions.

The Funds also sought to reinforce “pay-for-performance” pay practices by advocating robust and rigorous clawback provisions for executive pay. Clawbacks, wherein a company can recoup pay if a financial restatement or misconduct reveals that an executive’s pay was based on the wrong numbers, encourage accurate financial reporting and ethical conduct, as well as enable companies to recover ill-gotten gains.

A LongView shareholder resolution at McKesson to strengthen and disclose the use of the company's clawback recently gained the support of a majority of shareholders. Importantly, McKesson, which has aggregated over \$1 billion in regulatory and legal settlements in recent years without any public indication that it has made use of its clawback policy, recently announced that it has implemented the shareholder resolution in full, both strengthening its clawback's provisions and agreeing to disclose when the company "claws back" any executive compensation, when legally feasible. The company's new transparency marks a significant advancement in strengthening recoupment policies in the market.

Board Accountability

Investors rely on elected board members at companies to serve shareholders' interests. To ensure that directors are accountable to the shareholders who elect them, the Funds have urged companies to adopt democratic election standards by which directors are elected by a majority vote of shareholders, rather than a plurality vote standard. The "majority vote" standard is now common among large cap companies, but less prevalent in smaller cap companies. The Funds worked with numerous companies, including Covance, VCA Antech, and Ryland, to successfully adopt majority vote standards. Additionally, as members of the Council of Institutional Investors (CII) Advisory Council, the Funds joined with other major institutional investors to support CII's petition to the New York Stock Exchange and the NASDAQ exchange to require that all listed companies on the exchanges maintain a majority vote standard.

Managing Labor and Human Rights in the Supply Chain

In the wake of tragic factory fires and collapses in Bangladesh, the Funds organized a group of fifteen labor, international, and public investors, who collectively control over \$1.3 trillion in assets, to make a public statement. The investors stated that the recent calamities "poignantly illustrate the significant reputational, operational, and legal risks that are ubiquitous in global supply chains." The investors called on companies with significant purchasing power in Bangladesh, such as Wal-Mart and the Gap, to know their supply chains, ensure compliance with safety standards, and fully disclose the factories in their supply chains. The statement continued, "It is not sufficient to place the onus for compliance on suppliers alone while pricing systems actively undercut requisite investment in infrastructure or encourage covert subcontracting. We expect portfolio companies to pursue cooperative relationships with suppliers that enable compliance and promote stable production." Many companies have committed to new initiatives to improve safety at Bangladeshi suppliers and the Funds continue to monitor the progress of these initiatives.

Litigation Updates

The Funds periodically pursue legal action when we deem it necessary. In 2013, the Funds reached a historic settlement with News Corp, concluding a derivative lawsuit alleging failed Board oversight in the wake of hacking allegations at the company's News of the World subsidiary and the company's acquisition of Shine Group, a production company formerly owned by Rupert Murdoch's daughter. The settlement included numerous corporate governance enhancements and an insurance settlement of \$139 million, believed to be the largest cash settlement in Delaware derivative action history.

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 2013 proxy season.

The following chart highlights several statistics of how LongView Funds voted on major proxy items and themes in 2013.

LongView Funds Votes

LongView Fund Votes on Select Proxy Items - 2013

		For	Against	Abstain
Board Issues				
Election of Directors		66%	34%	0%
Executive Compensation				
Advisory Votes on Executive Compensation		42%	56%	2%
Executive Equity Plans		15%	83%	2%
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		99%	1%	0%
Environmental Issues		97%	3%	0%
Labor and Human Rights Issues		100%	0%	0%

LongView Corporate Governance

2013 Resolutions: At-A-Glance

Company	Index	Industry	Status
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Pro-rata Equity Vesting Upon Mergers & Acquisitions

1.	Anadarko Petroleum	500	Oil & gas	Withdrawn: Successful Negotiations
2.	Altria	500	Tobacco	Withdrawn: Successful Negotiations
3.	Philip Morris	500	Tobacco	Withdrawn: Successful Negotiations
4.	Walgreen	500	Retail	Received 42% Support
5.	Chipotle	500	Restaurants	Received 34% Support

Prohibit Commitments to Pay Tax Gross-Ups

6.	Norfolk Southern	500	Transport	Withdrawn: Successful Negotiations
7.	Allegheny Technologies	500	Metals mfg	Withdrawn: Successful Negotiations
8.	Ventas	500	Health Care Svcs	Withdrawn: Successful Negotiations

Disclose Use of Clawback Policies

9.	WalMart Stores	500	Retail	Received 16% (32% outside shareholders)
10.	McKesson	500	Health Care	Received 53% Support

Prohibit Pledging of Equity Grants

11.	FedEx Corp	500	Transport	Received 29% Support
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Majority Vote Standards for Director Elections

12.	Covance	400	Pharma	Withdrawn: Successful Negotiations
13.	Martin Marietta Materials	400	Construction	Withdrawn: Successful Negotiations
14.	VCA Antech	400	Healthcare Facilities	Withdrawn: Successful Negotiations
15.	Ryland	600	Homebuilding	Withdrawn: Successful Negotiations
16.	CrossCountry HealthCare	600	Healthcare Services	Withdrawn: Successful Negotiations

Political Spending Disclosure

17.	WellCare Group	400	Health Insurance	Withdrawn: Successful Negotiations
18.	Bank of America	500	Banking	37% Vote Support

As of December 2013

LongView Corporate Governance

Amalgamated Bank LongView Funds

Results of 2013 AFL-CIO Key Votes Survey

Shareholder Proposals - AFL-CIO Recommended Vote: FOR

Company	Meeting	Proposal Subject	LongView Vote
Abercrombie & Fitch	June 20, 2013	Pay Performance Standards	FOR
Aetna	May 17, 2013	Board Oversight of Political Contributions	FOR
Ashford Hospitality Trust	May 14, 2013	Independent Chair	FOR
Autonation	May 8, 2013	Prohibit Accelerated Vesting of Equity	FOR
BB&T	April 23, 2013	Disclose Political Contributions	FOR
Boeing	April 29, 2013	Executive Pensions	FOR
Chipotle Mexican Grill	May 17, 2013	Prohibit Accelerated Vesting of Equity	FOR
Dean Foods	May 15, 2013	Equity Retention	FOR
Exxon Mobil	May 29, 2013	Equal Employment Opportunity	FOR
Halliburton	May 15, 2013	Report on Human Rights Risk	FOR
Hasbro	May 23, 2013	Supplier Sustainability	FOR
Healthcare Services Group	May 28, 2013	Independent Chair	FOR
Honeywell	April 22, 2013	Prohibit Accelerated Vesting of Equity	FOR
Hospitality Properties Trust	May 15, 2013	Eliminate Supermajority Voting	FOR
JPMorgan Chase	May 21, 2013	Independent Chair	FOR
McDonalds	May 23, 2013	Disclose CEO: Worker Pay Ratio	FOR
Nabors Industries	June 4, 2013	Equal Access to Proxy	FOR
Peaboy Energy	April 29, 2013	Independent Chair	FOR
Raytheon	May 30, 2013	Executive Pensions	FOR
Reynolds American	May 9, 2013	Declassify the Board	FOR
Urban Outfitters	May 28, 2013	Board Diversity	FOR
Wal-Mart Stores	June 7, 2013	Disclose Clawback Use	FOR
Waste Management	May 10, 2013	Peer Group Benchmarking	FOR

Director Elections - AFL-CIO Recommended Vote: Against, Withhold or Abstain

Company	Meeting	Director Name	LongView Vote
Cablevision Systems	May 23, 2013	John R. Ryan	AGAINST
Cablevision Systems	May 23, 2013	Vincent Tese	AGAINST
FirstEnergy	May 21, 2013	Catherine A. Rein	AGAINST
FirstEnergy	May 21, 2013	Say on Pay	AGAINST
Hewlett-Packard	March 20, 2013	John H. Hammegren	AGAINST
Hewlett-Packard	March 20, 2013	G. Kennedy Thompson	AGAINST
Hospitality Properties Trust	May 15, 2013	William Lamkin	AGAINST
JPMorgan Chase	May 21, 2013	James S. Crown	AGAINST