



November 25, 2013

Ms. Elizabeth M. Murphy, Secretary
Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Pay Ratio Disclosure, File No. S7-07-13

Dear Ms. Murphy:

Amalgamated Bank's LongView Funds are pleased to submit these comments in support of the proposed rule to implement the requirement in section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act that publicly traded companies disclose the CEO-worker pay ratio.

The LongView Funds consist of a family of actively and passively managed funds with over \$12 billion under management. The Funds' clients are employee pension and benefit plans, and our focus is on long-term, sustainable performance and economic growth. For over twenty years now, the LongView Funds have engaged with portfolio companies on a range of governance issues based on a belief that attention to good corporate governance is a key to sustained long-term shareholder value.

As long-term investors in our markets and shareholders in our portfolio companies, we rely on the companies in which we invest to articulate and disclose their strategies to expand shareholder value, the risks and opportunities those plans face, and how companies will mitigate those risks or take advantage of the opportunities. In order to grow shareholder value, companies rely on our financial capital to put into place a combination of physical and human capital and implement their business strategies. Accordingly, human capital is a vital component of any company's successful long-term performance and growth. The LongView Funds regularly engage portfolio companies over the role human capital plays in ensuring the company's success, including employee incentives and relations, training and development, and the integrity of supply chains, including risk management for human rights violations.

The LongView Funds have also engaged companies on questions of executive compensation, consistent with the goal of aligning executives' interests with investors' interests and assuring that pay is closely linked to performance. To that end, the LongView Funds seek to promote incentives and rewards that are rooted in the company's business plan, aligned with shareholders' interests, and further fuel productive shareholder value growth. We have encouraged rigorous performance metrics, advocated stopgap measures such as clawbacks to recoup ill-gotten gains, and vocally opposed pay practices that place shareholder value and company assets at risk, such as golden parachutes, "golden coffins," or speculative trading by company insiders like hedging or margin trading.

We support the proposed CEO-to-median worker pay ratio disclosure because it can provide a useful metric for long-term investors such as our Funds. Pay ratio disclosures can be useful to investors in several contexts. Within the past decade, for example, there were studies examining the internal pay disparities between a company's CEO and a company's four "named executive officers." A 2011 white paper by Institutional Shareholder Services surveyed practices over multiple years among Russell 3000 companies and noted Moody's conclusion that a high ratio between CEO pay and compensation for other named executives can indicate the company is CEO-centric, with associated CEO succession risk. Moody's further noted that high internal pay equity can reflect a CEO's influence and centrality to a company, as well as a concentration of power in the CEO. The ISS report also noted that once shareholder attention began to focus on this issue of internal pay disparity among senior executives, the disparities began to diminish. Mishra, *Bridging the Pay Divide: Trends in C-Suite Pay Disparities* (November 2011).

A related topic of concern, although the empirical data are not yet as developed, is the disproportionate granting of equity awards to senior executives vis-à-vis other executives and employees generally. This was a concern at the recent annual meeting of Oracle, where opponents of incumbent directors who were seeking re-election noted that Oracle made a significantly higher percentage of options grants to its NEOs than did Oracle's peers.¹

We do not mean to overstate or extrapolate too broadly from these data. Instead we cite these data for two broad reasons: first, to demonstrate that there is investor interest in the ratio between CEO pay and pay of others at a given company, and second, to say that pay ratios can provide information that shareholders deem useful as a way to assess the role of human capital within the company's business strategy, the extent to which rewards and incentives are

¹ According to a study by the CTW Investment Group that was circulated to Oracle shareholders prior to the October 2013 annual meeting, Oracle's NEOs received nearly 30% of that company's total option grants in 2010-11, while NEOs at Oracle's peers received an average of 5% and a median of 4.3% of their companies' total equity awards. In the 2012-13 cycle, Oracle NEOs received nearly 20% of that company's total options grants, compared to an average of 7.7% and a mean of 7/5% for NEOs at peer companies. At the 2013 annual meeting, shareholders rejected Oracle's "say on pay" report for the second year in a row, a distinction held by only two percent of the companies in the Russell 3000. Over 80% of the non-insider shares were voted against the report. In addition, three directors were re-elected with only 55%-60% of the yes/no vote. Without the support of founder Larry Ellison (who holds 25% of the outstanding shares), their support among non-insider investors fell to below 40% or below. <http://www.sec.gov/Archives/edgar/data/1341439/000137773913000024/oracleltr.txt>

aligned with the articulated business plan, or whether executive compensation is excessive or out of balance with performance. Pay ratios would permit a comparison both among compensation policies and, crucially, over time to see how compensation has evolved within the firm. Similar to the CEO-to-worker pay ratio, we regularly review the ratio of pay between the CEO and the average of the other top four paid executives at the firm. We use this metric as an insight into the dynamics of the management team. For example, if a CEO is paid well-above three times the average named executive officer, it raises a question of whether the board is properly distributing rewards, whether the company has prudently considered and developed a succession plan for the CEO, and whether the CEO is capturing an undue proportion of assets among the players on the bench.

We view the pay ratio as one additional metric, among many, to ascertain the strength of a company's incentives and reward structure. Most companies now have an annual say-on-pay vote, and data of the sort being proposed here will provide additional useful information to investors.

Just as we believe the CEO-to-worker pay ratio will be of use for investors, we also believe the pay ratio will be of use to the board that represents us as investors. We believe it is important for the board to have insight on not only how the top executives of the firm are rewarded, but to place such information within context of how all employees of the firm are rewarded. The requirement to disclose such a ratio may prompt constructive discussions within the board of how to ensure that rewards and incentives for growth and success at the firm are properly distributed.

To put this issue in perspective, it was not too many years ago that there was skepticism about Congress's decision to enact a say-on-pay requirement, as well as whether a single vote on a complex pay report would really provide useful information to shareholders. No one really knew how it would play out. As say-on-pay has become an established staple of annual meetings, however, it has become apparent that there are significant benefits. Boards are aware of pay practices that might arouse shareholder opposition or perhaps lead to a "vote no" campaign against compensation committee members. This awareness can lead to internal reforms of practices that are difficult to defend. In addition, it is possible for there to be more of a dialogue between shareholders and management on pay issues.

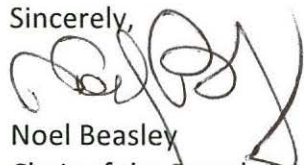
To be sure, say-on-pay involves voting, while the proposed rule involves disclosure. Despite this difference, however, there is a common thread between the two, namely, that each reform invites the board of directors to make a closer examination of an issue than might otherwise be the case; inasmuch as the data in question are important to a number of shareholders.

Lastly, we are diversified investors. We hold a stake in the success of over three thousand publicly-listed companies in the United States. Like many investors, our success depends in part on the extent to which the economy as a whole rises or falls. We are extremely mindful of the role of expanding economic inequality in our market as a whole and are

concerned that without robust consumer purchasing power, we as a market – and country – will suffer. In one small measure, we believe the proposed disclosure of the CEO-to-worker pay ratio will also play a constructive role outside of the micro environment of the firm to help us as investors assess the macro environment of our investments, with an eye towards sustainable economic growth for the country.

We appreciate the opportunity to comment on the proposed rulemaking. We enthusiastically encourage the Commission to fully implement the disclosure requirements of the CEO-to-worker pay ratio.

Sincerely,

A handwritten signature in black ink, appearing to read 'Noel Beasley', written over the printed name.

Noel Beasley

Chair of the Board, Amalgamated Bank

Chair of the Trust Committee, Amalgamated Bank as Trustee to the LongView Funds