

NORTHSTAR

ASSET MANAGEMENT

Progressive Wealth
Management Since 1990

Proxy Voting Guidelines

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NorthStar Asset Management, Inc.
Proxy Voting Guidelines

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Introduction

NorthStar is a progressive wealth management firm founded in 1990 with a mission to provide the most integrative approach to portfolio management available today. Our approach to wealth management begins with an analysis of the social, ecological, and political problems of our time and with deep conversations with our clients. These steps result in the construction of portfolios that integrate financial goals while upholding a commitment to social change.

Every year shareholders are asked to vote on a range of issues from approving the Board of Directors slate and executive compensation packages to shaping policies that ensure fair labor practices and combat global warming. Shareholders' rights allow individual and institutional owners to bring pertinent issues to the proxy ballot for a vote. In a majority of cases, these resolutions raise social, environmental, and corporate governance concerns in an effort to encourage more responsible corporate practices.

To influence a corporation's activities, shareholder activists employ two general tactics: negotiating directly with the company, and submitting shareholder proposals. Frequently, engagement with corporations begins with negotiation upon a particular topic. When these dialogues are fruitless, activists take their engagement to the next level: asking the shareholders themselves to affirm the importance of the issue. With the intention of eliciting policy changes from the management, activists file shareholder proposals, meeting specific Securities and Exchange Commission guidelines, which are then voted on by shareholders at the company's annual shareholder meeting. Exercising shareholder voting power is a critical way to shape corporate decision-making. Working to raise awareness among corporate management with the goal of ultimately creating corporate policies that change the way the company approaches its business and responsibilities is an integral piece of shareholder activism.

Shareholders' Rights

The Securities and Exchange Commission (SEC) rules allow any shareholder who has owned \$2,000 worth of a stock in a particular company for a full year the ability to present a resolution to the company's shareholders. Nonprofit activist groups, pension funds, religious groups, socially responsible investment companies, and individuals, by virtue of owning shares of stock in the company, can submit shareholder resolutions.

SEC rules protect the shareholder's right to bring important issues to the attention of any publicly traded company. However, the SEC also restricts what a shareholder resolution can ask a company to do. For example, shareholders are allowed to address corporate policy issues but are not allowed to get involved in the specifics of managements' operations of the firm ("ordinary business"). Shareholder concerns about the details of the firm's operations are disallowed by the SEC unless they can demonstrate that the behavior is an issue due to a larger social or public policy concern. This is why many resolutions appear to be relatively inconsequential in relation to the gravity of the social issue presented.

Even so, when shareholders communicate their concerns to the companies they own, they exercise ownership responsibility – one of their most important avenues of holding companies more accountable. Despite the seemingly insignificant requests of shareholder proposals, over time corporations and lawmakers respond to shareholder requests by making lasting change. Examples abound, such as the current “say on [executive] pay” advisory votes (now required by the SEC at all U.S. publically traded corporations), EEO policies that once (but no longer) omitted LGBT individuals’ right to equal employment, and the many corporate officials that are finally taking steps to reverse their companies’ effects on the climate. Expressing our social concerns as well as financial goals makes the market more democratic and responsive to societal problems that can be influenced by major companies.

According to SEC rules, a specific resolution must receive 3% of the vote in the first year it is filed, 6% in the second, and 10% thereafter to be included on the proxy the following year. Each vote cast helps to ensure that these issues will be brought to the attention of the management and other shareholders in future years.

NorthStar Asset Management, Inc. does not hire outside service providers to vote the proxies of its clients. All proxy voting is completed within the firm by NorthStar staff as designated by the CEO/CCO. As a socially responsible investment firm, we consider it a fiduciary duty to vote our clients’ proxies in line with the overarching principles that guide our firm’s work. Namely, these principles are commitments to:

1. Seeking solutions to **economic inequality**;
2. Working towards **racial justice and gender equality**;
3. Protecting **human rights**;
4. Seeking **environmental justice, solving climate change, protecting health and safety of employees and communities**;
5. Enhancing **corporate governance**.

The sections below entail the general guidelines that our staff follows when voting proxies for our clients. Due to the ever-evolving nature of corporate proxies, this document cannot be exhaustive or provide strict limitations, but is intended to provide a general outline of operating procedures. When significant questions arise, the firm proxy voter relies on the CEO/CCO for instruction.

For detailed descriptions of NorthStar’s own engagements and successes in shareholder activism, please review our annual [Social Change Report which is published on our Creating Change webpage](#).

A. Company-Sponsored Resolutions

VOTING FOR BOARDS OF DIRECTORS

One of the most pervasive misconceptions in corporate America is that shareholders actually elect the Board of Directors. In fact, the sitting Board of Directors nominates the candidates for any open board seats, and shareholders often have no effective way to nominate or eliminate a board member. Nominees are generally drawn from the networks of the current board members – other CEOs, top managers, lawyers, etc. – creating an “old boys’ network” with all the inherent problems exemplified by the likes of Enron, WorldCom, Sprint, Wells Fargo, and Tyco. As in any election, a director must win more votes than any other candidate; however, company-sponsored directors nearly always run unopposed for their specific board seat, and a great many corporations still utilize “plurality voting.” In plurality voting situations, a director only needs to garner one “yes” vote to win a seat on the board. NorthStar prioritizes diversity of women and people of color on boards as one of the most systemic issues facing boards of directors today. We take voting for the board of directors very seriously, and we approach it with great scrutiny. At each company, we evaluate the board slate in many ways:

1. We begin by evaluating the level of diversity that exists on the board. We seek a reasonable level of diversity which will allow the voices of women and minorities to be heard in decision-making. In order for us to consider evaluating and voting in favor of *an entire board slate*, the board slate must be comprised of 40% women and and 30% people of color or racial/ethnic diversity. Should the company meet these minimum standards for diversity, we will evaluate all board members on the below remaining features of the board overall and the individual members. Should the company fail to meet our diversity minimums, we vote against board members that appear to be male and non-diverse, but consider voting in favor of female and diverse candidates based upon the additional evaluations below.
2. For board members we will consider supporting with our vote, we closely scrutinize many issues including but not limited to: qualifications and expertise, board tenure, seats on other boards, committee membership, recent controversies related to the board member, role within the company (if applicable), and attendance record at board meetings.
3. Before submitting our final vote, we take a look at the board overall, and ask a series of ever-evolving questions such as:
 - a. Is the company moving in a positive direction for all of its stakeholders (shareholders, employees, communities)?
 - b. Are compensation committee members appropriately evaluating executive officer compensation, including setting reasonable non-financial metrics which encourage the CEO to plan long-term for the betterment of stakeholders such employees, communities, as well as the environment and levels of diversity?

- c. Are there sufficient and appropriate “outside” board members—board members with no business or personal ties to the company or its top executives?
- d. Is the board sufficiently diverse in expertise, or does it appear that the board’s members are homogenous in some way (such as education, expertise, or career highlights)?
- e. What is the makeup of each board committee? For example, are there non-CEO executives on the compensation committee? Does it appear that the nominating committee has constructed the board thoughtfully over time with the intention of having a well-rounded set of directors that will serve shareholders well? In general, we prefer the nominating committee to be comprised of at least one woman and one person of color, which we believe aids in the overall diversification of the board. We also carefully review the compensation committee members. We prefer to see all non-CEOs on the compensation committee because we believe that sitting and former CEOs are more likely to approve compensation packages for fellow CEOs without due scrutiny. In circumstances where we feel executive compensation is particularly concerning, we may vote against women and diverse directors that sit on the compensation committee.

In considering our position on voting for board members, we also review the number of other public boards on which the candidate sits. To avoid “over-boarding,” we generally prefer that actively employed board members serve on no more than 3 boards total, and that retired candidates are limited to 5 boards total. We take into consideration both for-profit corporate boards as well as non-profit or academic boards, and whether the board member is in a leadership position on any of those boards.

When evaluating a classified board, we will assess the board on its level of diversity overall (including the board members that are not up for reelection that year), and will proceed with our remaining evaluation processes.

EXECUTIVE COMPENSATION PACKAGES

For many years, NorthStar and our shareholder advocate colleagues filed Say on Pay resolutions at corporations of all sizes and sectors. Shareholders illustrated their support for “say on pay” by voting in favor of these resolutions time and time again. Thanks to these efforts and in response to corporate actions that brought on the 2008 recession, President Obama signed into law the Dodd–Frank Wall Street Reform and Consumer Protection Act in July 2010. Among its many requirements, the Dodd-Frank Act requires an official Say on Pay advisory vote at the shareholder meeting of each publically traded U.S. corporation. Beginning in 2011, companies began soliciting a “say” on these pay packages through an advisory vote in the annual shareholder proxy booklet. Advisory votes are not binding for the company, but they certainly have influential value as shareholders are able to weigh in on executive management compensation packages worth millions of dollars.

For many years, NorthStar has capped executive compensation approval at 100 times the average annual worker salary. New in 2019, NorthStar is implementing an additional ratio system to determine appropriate executive pay in terms of whether to vote in favor or against named executive pay packages. Inspired first by proposed California Senate Bill 1372, which sought to raise the corporate tax rate if the CEO of a publicly traded company doing business in California makes more than 100 times the pay of an average employee, NorthStar first looks at the company's overall CEO and Named Executive Officers (NEOs) pay packages as compared to the average U.S.A. worker salary. Relying on Bureau of Labor Statistics data and that of AFL-CIO Executive Paywatch, the maximum executive pay package that NorthStar will currently approve is \$3,861,300¹ annually. This figure allows for a nominal pay to those executives of at least \$75,000,000 over the course of a twenty year career. We feel that \$75+ million throughout one's career remains an attractive and competitive pay package, allowing a corporation to attract and retain high quality talent. NorthStar looks at overall compensation (base salary, bonuses, stock options, etc., in total) for this ratio system. NorthStar prefers pay packages that are not excessive, but still encourage executives take a long term view (including stock or options as a portion of the pay package). This maximum pay package is reevaluated by NorthStar annually and adjusted as appropriate when the average worker pay increases or decreases.

Second, NorthStar reviews executive compensation as compared to the company's own employees. In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act mandated that public companies disclose the pay ratio between the company's median employee and its CEO. Finally in 2018, shareholders and consumers began seeing these ratios disclosed in company proxy statements. NorthStar now looks for approves CEO and named executive officer pay packages that are disclosed as a ratio of 100:1 or lower compared to their median employee, assuming the pay package satisfies our first requirement (above). We feel that this encourages executives to increase pay for their employees, and rewards companies that pay their employees well.

Should NEO pay packages fall at or below both of these pay limits, and given our overall assessment of the executive officers' performance and commitment to the company and society, we will approve the NEO pay packages.

We also generally votes against Golden Parachute resolutions. The highest golden parachute package we would consider approving must be at or below our cap for annual salary. Decisions to support a golden parachute package are considered by the Chief Investment Officer and/or Chief Executive Officer. Similarly, we support shareholder or company resolutions that aim to eliminate golden parachutes going forward.

¹ As of 1/10/19, the most recently AFL-CIO Executive Paywatch figure of average pay of America's production and nonsupervisory workers was \$38,613.

FREQUENCY OF SAY ON PAY

Also in the Dodd-Frank Act was the requirement of a shareholder advisory vote on the frequency of the “say on pay” vote on executive compensation. Across the board, we vote for a one-year frequency (an annual vote), so that shareholders are offered an annual review of company leadership and appropriate pay.

VOTING FOR AUDITORS

Enron’s collapse and the role that its accounting firm played in its demise focused shareholders’ attention on the auditors’ role and the veracity of financial information presented to shareholders, employees, and the public. Part of the problem is a dual role many accounting firms play within one company: that of auditor and that of inside accounting consultant. Auditors review a company’s financial statements to ensure they truly reflect the company’s financial situation. Audits, by design, should be independent assessments. If an auditor is working inside the company as a consultant, its independence is already compromised, and we will oppose the confirmation of the company’s choice for auditor.

DISTRIBUTION OF STOCK OPTIONS

In general, we oppose changes to company stock ownership and share dilution through outright gift, options, share repurchases, and so on by the firm’s management. This specifically includes votes against long term incentive plans or employee stock option plans that provide stock to employees, board members, consultants, or management unless they are clearly plans that apply to and are used by the entirety of the employee base. These mechanisms are not inherently harmful; however, the redistribution of ownership introduces a potential conflict of interest between the influence management exerts over firm policies versus shareholders.

DILUTION OF SHAREHOLDER’S RIGHTS

Traditionally, management presented shareholders with the option to ratify board members, auditors and various company business required by the SEC, such as mergers or compensation. However, as shareholders have become more active in setting corporate policies, management’s response has been increasingly to introduce counterproposals aimed at diluting shareholder’s rights, especially voting rights. In some instances, management even introduces an option which displaces a stronger shareholder-sponsored resolution in an attempt to prevent shareholders from achieving more influence in setting policy. We oppose these types of resolutions by management unless the result is a clear improvement over the current situation.

STOCKHOLDER-INSPIRED RESOLUTIONS

Alternately, we’ve begun to see the fruits of shareholder activists’ labor paying off in the company-

sponsored proposals section. At several companies, we've found proposals such as an "amendment . . . to allow stockholder action by majority written consent" or "allow proxy access" (wherein shareholders of a certain stature can nominate board members). After careful review and consideration, to ensure that they are actually representative of what shareholders would want, we generally support these proposals.

BOARD AMENDMENT RIGHTS

Allowing the board to make changes to company charters, except as explicitly denied by the SEC, places undue power in the hands of boards which may be hand-picked and acting at the direction of management. We oppose the assignment of these shareholder's rights to the board or management.

DISCHARGE COMPANY AND BOARD LIABILITY

The purpose of having a board of directors and corporate management is to make sure that shareholders' best interests are served. Therefore, we oppose resolutions discharging company or board liability for their decisions and actions.

OTHER BUSINESS

We consider other business, such as the ratification of a merger proposal, on a case-by-case basis. The Chief Investment Officer is consulted on many of these matters.

B. Shareholder Resolutions – Governance Issues

COMPENSATION REFORM

In 2016, a study conducted by the Rock Center for Corporate Governance at Stanford University surveyed² a representative sample of Americans about their impressions of CEO pay. According to the study, "74 percent of Americans believe that CEOs are not paid the correct amount relative to the average worker." In fact, according to the lead author on the project, "there is a clear sense among the American public that CEOs are taking home much more in compensation than they deserve." With the average CEO earning 361 times the wage of the average worker, the reasoning for their concerns are clear. The AFL-CIO Executive Paywatch's most recent data on CEO pay in comparison to the average worker is from 2017, when Broadcom Ltd's CEO took home a total compensation package of over \$100 million -- an outstanding 2,672 times the median worker's pay for that year.

Now that a "Say on Pay" vote is a required aspect of the proxy, there are still multiple shareholder proposals related to executive pay and benefits. After careful consideration, we generally support a variety of shareholder resolutions on this general topic, including proposals requesting stockholder

³ <https://phys.org/news/2015-12-aggressive-action-greenhouse-gas-emissions.html>

approval of future severance agreements with senior executives, “lock-up” requirements for senior executive awards, enhanced compensation disclosure, requests to make incentive awards performance-based, requiring that executives hold equity compensation through retirement, delaying incentive payouts to new executives, and pay-disparity reporting. This wide range of proposals all work to subvert exorbitant or inappropriate executive pay by asserting that shareholders have a say in executive compensation packages.

There have also been recent proposals which have requested a “say” on director pay. Given that economic inequality issues are not solely derived from excessive CEO pay, we agree that giving stockholders an advisory vote on the salary of the Board of Directors would be a very smart move.

BOARD COMPOSITION AND CEO PLANNING

In recent years, there have been many proposals that focus on issues of board composition or CEO succession planning. After careful evaluation, we generally support proposals such as: requests to separate the CEO and chairman of the board, requests that the board chairman be an independent director (entirely unaffiliated with the company), disallowing the service on key committees of board members receiving more than 20% vote against them at the annual meeting, limitations upon directors involved in bankruptcy, and proposals for the ability to remove a director with or without cause.

Increasingly, shareholders are often faced with a proposal that requests to declassify the board (so that shareholders vote on the entire board slate each year). NorthStar sees benefits and drawbacks to classified boards and thus decides this issue on a case-by-case basis.

STRENGTHENING SHAREHOLDER’S RIGHTS

The rights of shareholders depend largely on provisions in each corporation’s charter and by-laws. We generally support shareholder proposals that seek to strengthen shareholders’ rights, such as instituting cumulative voting, changing the rules to allow for simple majority voting (rather than supermajority), reducing the threshold required to call special shareholder meetings down to 10%, and even requests to reincorporate the company in North Dakota (a state with corporate law more favorable to shareholders).

Barring special circumstances, we expect to always support proposals that request that all shareholders be given equal voting power. This proposal is particularly important at companies where there exists a class of shareholders which has as many as *ten votes* per share of stock, significantly limiting the power of other shareholders.

CORPORATE POLITICAL CONTRIBUTIONS

“Dark money” political contributions have increased dramatically in recent years, affecting our country’s political climate and leading to backward progress on human rights and equality issues. Corporate

political contributions are often identified as a significant source of dark money, and many companies have faced backlash from political contributions with which consumers take issue. Through its activism and engagement work, NorthStar is particularly concerned with the risks related to company contributions that undermine the company's intended progress on social and environmental issues.

NorthStar generally supports all shareholder resolutions related to better disclosure or management of company political contributions and lobbying. Due to the demonstrated risks of corporate political contributions, we also support resolutions asking the company to refrain from political spending entirely as well as resolutions seeking cost-benefit analysis of political contributions. We support proposals of these kinds that are related to both company treasury contributions and PAC (employee political action committee) contributions, given that PAC contributions also represent company intentions and reflect upon company name. Special attention is paid to this category of proposals given that, as recently as 2018, conservative activists filed "copycat proposals" with the same/exceedingly similar resolved clauses but with "whereas clauses" and supporting statements that worked against our goals of positive social change.

ADD SEXUAL ORIENTATION AND GENDER IDENTITY TO NON-DISCRIMINATION POLICY

NorthStar has worked diligently in the past several decades to increase the rights and protections of LGBT employees and communities. In much of the United States, it is still legal to fire employees because they are gay, lesbian, or transgender. State and local laws remain inconsistent with respect to employment discrimination of gay and lesbian employees. As a result, company-wide policies are necessary to protect employees from discrimination, resolve complaints internally, and ensure a respectful and supportive work environment. In an effort to end workplace discrimination, investors have turned to corporations to commit to equality and protection of LGBT employees. Shareholder resolutions on this topic typically seek to add the words "sexual orientation and gender identity or expression" to the company's nondiscrimination policies. As of early 2019, 91% of Fortune 500 companies have adopted policies including non-discrimination based upon sexual orientation, and 83% also protect their employees against discrimination based upon gender identity. This is largely due to the work of shareholder activists and NGO partners.

After close examination, NorthStar supports shareholder all proposals that seek to increase protections for LGBT employees, including proposals which encourage the company to take a stance on legislation that could harm its employees or their families (such as the infamous "bathroom bill" HB2 in North Carolina which forced transgender individuals to use public facilities associated with sex stated on their birth certificates).

EMPLOYMENT DIVERSITY REPORTS AND GENDER PAY GAP REPORTS

As described by one particular shareholder resolution, "the median income for women working full time in the U.S. is reported to be 79 percent of that of their male counterparts. According to the Economic Policy Institute, average hourly wages for black men are 78 percent of those of similarly situated white

men. Wages for black women are 66 percent of those of comparable white men and 88 percent of those received by white women.” It is clear from these statistics that employment and advancement barriers persist. Accordingly, NorthStar supports mechanisms of change at corporations to bring equality in pay and benefits for all employees, despite race, gender, ethnicity, or LGBT status. This includes proposals seeking to expand paid family leave to LGBT employees, adoptive and foster parents, and non-birth parents. NorthStar also supports proposals requesting disclosure of EEO-1 data. All employers of at least 100 employees located in the 50 states and the District of Columbia are required to file an EEO-1 survey annually with the Equal Employment Opportunity Commission. Hence, this information could be made available to shareholders at a minimal additional cost.

C. Shareholder Resolutions – Environmental Issues

GREENHOUSE GAS EMISSIONS AND GLOBAL WARMING

Experts increasingly believe that in order to avoid the most dangerous effects of global warming, the world must achieve net-zero greenhouse gas (GHG) emissions as quickly as possible. A 2015 *Nature Climate Change* article emphasized that because the deployment of negative-emissions technologies will likely be limited due to any combination of the environmental, economic or energy constraints examined in the study, "Plan A" must be to reduce GHG emissions aggressively now.³ NorthStar generally supports all shareholder proposals asking companies to report on or act on lowering GHG emissions from the company and/or encouraging suppliers to do so as well.

SUSTAINABILITY REPORTING

For investors, sustainability reports provide non-financial information that contributes to a long-term view of a company’s health. When companies use renewable energy and energy-efficient computers, practice fair trade and purchase organic food, enforce maintenance of workers’ rights and labor standards, the positive benefits are visible in a company’s bottom line. For companies, a commitment to sustainability reveals a long-term point of view allowing companies to study and plan for potential problems. We support resolutions on sustainability reporting.

NorthStar also supports proposals seeking to increase company responsibility on lifecycle issues such as reporting and policies on responsibility over consumer product packaging.

NUCLEAR ACTIVITIES

Given the negative environmental effects of nuclear energy generation and NorthStar’s general policy against any investment in nuclear energy, we support proposals which urge the Board to consider releasing the company from all nuclear production activities.

³ <https://phys.org/news/2015-12-aggressive-action-greenhouse-gas-emissions.html>

RISKS RELATED TO ENVIRONMENTAL ISSUES

We generally support resolutions requesting that shareholders encourage the board to consider not only the environmental and ecological strain that their business practices may cause, but also the ways in which the company's impact on the environment may actually do harm to the company and shareholder value itself.

We have also begun to see (and support) a proposal requesting the appointment of an independent director with environmental expertise. While this sort of appointment is a good idea in general, we also believe that the fossil fuel companies that are usually targeted for this proposal would particularly benefit from such a director.

D. Shareholder Resolutions – Human Rights and Labor Issues

HUMAN RIGHTS

Due to the international nature of most large corporations, it is becoming increasingly important that companies acknowledge the potential risks in committing human rights abuses, but also become aware of how the host countries' governments and ruling bodies interact with their citizens. As reported by the Business and Human Rights Resource Center, companies are being held accountable for complicity in human rights abuses abroad, even if they are not directly responsible for violations. Not only are human rights abuse charges detrimental to the ethical claims of a corporation, but they could potentially affect the company's value. For these reasons, we generally support proposals regarding human rights – examples include instituting a human rights committee or requesting human rights experts on the board of directors, genocide-free investing policies, proposals on migrants' rights issues, and proposals asking the company to create a policy on human rights (including the human right to water).

FORCED LABOR & PRISON LABOR

In recent years, the issue of forced labor has become a heightened concern for shareholders and activists seeking to end modern slavery and the effects of forced labor on families and future generations. For socially-concerned investors, these activities can come in many forms such as engagements with companies to prohibit recruitment practices involving fees paid by the applicant (potentially resulting in human trafficking and indentured servitude), as well as NorthStar's new efforts to uncover the extent and depth of prison labor in the supply chain of Corporate America. NorthStar actively supports efforts to end all forms of forced labor, as well as proposals that seek to improve prison labor conditions (regardless of whether that labor is forced or voluntary).

BAN THE BOX

Recent efforts by civil rights activists have resulted in shareholder engagement on the "ban the box" movement which encourages companies to remove the question about prior criminal convictions from

job applications. As described by the Ban the Box Campaign website, “the question about past convictions appears on applications for employment, housing, public benefits, college admissions, loans, and opportunities for volunteer service. Because people of color are disproportionately arrested, convicted, and incarcerated, employers’ use of arrest or conviction history has a disparate impact on those communities.” We heartily support this effort which can be part of the solution for economic inequality.

LOAN SERVICING

In response to national economic turmoil and problems caused by adjustable mortgage rates readjusting, recent shareholder proposals have included requests that the company put in place a policy which requires that the loans no longer serviced by (but which originated at) the company also follow the company’s modification standards in the case of those in foreclosure or that may, in the foreseeable future, foreclose. Not only is it beneficial to the company to avoid financial loss through foreclosure, but NorthStar also supports such proposals on the grounds that fair lending (and mortgage modifying) is an important priority for helping the nation get back on track.

E. Shareholder Resolutions – Health and Safety Issues

REPORT ON GENETICALLY MODIFIED PRODUCTS

Controversies surround genetically modified (GMO) products because (as a shareholder proposal explained) “genetically modified crops have been found to contaminate conventional (non-GMO) and organic farms, threatening farmers’ livelihoods, and affecting critical food supply, and imposing a significant financial burden on farmers seeking to satisfy markets for GMO-free products.” NorthStar supports efforts aimed at increasing GMO labeling as well as requests that the Board produce reports that assess risks to the company related to specific GMO issues like “buffer zone control,” “decontamination,” and “production losses and cleanup.”

PHARMACEUTICAL CONCERNS

Shareholder advocates have recently turned some attention to pharmaceutical companies’ responsibilities regarding the opioid addiction crisis as well as environmental concerns in materials recycling. Shareholders have asked companies to consider reviewing their policies to encourage drug take-back programs, and have begun linking various compensation or governance policies to performance related to the opioid crisis. We support these proposals.

CHILDHOOD OBESITY

Another health-related concern that has been in front of shareholders for many years is companies’ effects on children’s health and weight through the food they serve and how they market to young

children. We support shareholders' efforts to curb corporations' abilities to sway children towards unhealthy choices.

F. Shareholder Resolutions – Animal Issues

NON-ANIMAL METHODS OF TRAINING

While NorthStar is not generally active in the field of animal rights issues, we recognize the importance safe, responsible, fair, and ethical animal treatment. With that in mind, we generally support proposals seeking better treatment of animals.

G. Conservative “Trojan Horse” Proposals

“Trojan Horse” proposals have increasingly become a serious concern in recent years. Socially conservative investors have submitted shareholder resolutions imitating proposals by progressive investors. The proposals mimic the language of progressive shareholder proposals; however, the intent of the resolution to trick shareholders into voting in a way that may sway the company to move in a way that may be detrimental to issues such as its employees' rights, the environment, or diversity and governance initiatives.

Examples include proposals seeking to delete sexual orientation from company non-discrimination policies, pressuring companies to abandon efforts to address global warming, or to ignore race and ethnicity when considering diversity on the board of directors or senior management. Other examples are proposals address spurious concerns about director qualifications (such as seeking to unseat a well-known pro-environment board member) or questioning the companies “charitable contributions” while actually trying to discourage the company from making contributions to organizations that support “abortion, same sex marriage, or illegal immigration.” Another proposal has touted itself as a “report on renewable energy costs,” but upon further inspection sought to deter the company from purchasing renewable energy.

NorthStar opposes proposals that seek to undo social progress, and will continue to weed out Trojan Horses from legitimate shareholder proposals seeking to make change.