

Social Change & Activism Report 2022 – 2023

NORTHSTAR
ASSET MANAGEMENT

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NorthStar's Perspective

In June 2022, the U.S. Supreme Court handed down a devastating decision to overturn *Roe v. Wade* and upend reproductive rights while imperiling several others that activists fought for over decades. Also in 2022, we watched humanitarian crises erupt globally and saw climate change intensify worldwide (especially in some of the most vulnerable countries).

Alongside these brewing catastrophes, we at NorthStar know that our work is more critical than ever. Corporations use their influence, money, connections, and vast global reach to sway regulations and enhance profit towards their bottom line. As they flex their corporate muscles, we use our rights as shareholders to push back and refuse to be intimidated or silenced.

In our work, we are guided by our deeply-held belief that the financial system is broken, that people are suffering, and that we need to help our clients use their resources to effect change. In 2022, we focused much of our resources on deep research and expert interviewing of people related to criminal legal system reform. Inspired by the resolve and perseverance of people who have been through the criminal legal system, we are evermore motivated to use creative shareholder engagement to pursue tangible social change that helps real people.

Harkening to Dr. Martin Luther King, Jr., in 2022, we reaffirmed that now more than ever, we cannot remain neutral when we can make change.

>> Mari Schwartz, Director of Shareholder Activism and Engagement

Activism to Create Change

COMPANY ENGAGEMENTS

We file shareholder resolutions at numerous portfolio companies every year, pushing for concrete changes in company policies and actions.

OUTSIDE INVESTMENTS

NorthStar has a department dedicated to finding and vetting investments outside the public equity and fixed income markets that can directly and positively affect a variety of stakeholders.

PROXY VOTING

Each year, companies and shareholders put resolutions to a vote of company shareholders. We vote each proxy for our clients in line with our guiding values.

PUBLIC EQUITIES

We invest in publicly traded companies focused on solving society's greatest challenges in alignment with our five pillars. As shareholders, we are able to file shareholder resolutions to create change.



NorthStar's History of Change

MAKING CHANGE FOR OVER 30 YEARS

NorthStar was founded in 1990 as a socially responsible investment advisor committed to selecting investments in companies that we believe address the pressing problems of our times. **We believe that no publicly traded company is perfect, and we use our rights as shareholders to press for change.**

In 2000, NorthStar filed its first shareholder proposal at Household International where we pushed the company to consider the risks related to its predatory lending practices. Those earliest engagements proved to be as prescient as we lived through the 2008 recession.

Since that time, NorthStar has initiated hundreds of company engagements, resulting in policy changes and actions that protect employees, customers, community, and the environment, along with shareholder value.

Our shareholder activism coupled with proxy voting and enhanced by investments outside the public equity markets combine to seek real change.

420+

PUBLIC COMPANY
ENGAGEMENTS
SINCE 2001



In all the work we do – from activism to stock selection and working with clients on philanthropic decisions – NorthStar centers our research, thinking, and internal debates on five core tenets that inform how we look at the world: racial justice and gender equality, human rights, economic inequality, environmental justice, and corporate governance.

We have found that the work we do in these core areas nearly always intersects with economic inequality. From the more obvious, such as the worker rights and LGBTQ+ protections, to our work on political contributions and equal voting rights for shareholders, we find that the common thread tying all our work together is the pursuit of economic equity.

Our Guiding Values

Racial Justice & Gender Equity

We recognize that the U.S. economy was built on the backs of enslaved Black and Indigenous people, and continues to oppress their descendants today. Accordingly, we prioritize the voices, experiences, and needs of people of color, women, and LGBTQ+ people.

Environmental Justice

We know that climate change is real and that it disproportionately affects people of color and disenfranchised communities. We seek to protect health, safety, the environment, and access to resources for affected groups.

Economic Equality

As public equity investors, we recognize our complicity in the system that continues to oppress marginalized people while rewarding the wealthy. We also believe that the system is broken and people are suffering due to extensive structural inequality and bias. We aim to use our influence as investors to push toward closing the wealth and income gaps that disproportionately affect women and people of color.

Human Rights

With a deep belief that corporations should not profit from human suffering and should actively seek to alleviate it when possible, we support and pursue universal human rights in our engagement as well as investment decision-making processes.

Corporate Governance

We pursue corporate governance practices that protect and enhance the rights of stakeholders like employees and communities, and also strengthen shareholders' rights.

A photograph of a person's hands holding a black protest sign with white text that reads "CALL OUT INJUSTICE EVERY SINGLE TIME". The background is a blurred crowd of people, suggesting a protest or public demonstration.

Company Engagement

One of NorthStar's key strategies is an engagement method called shareholder activism -- direct dialogues with companies using our legal rights as shareholders in publicly traded companies.

Under the most recent Securities and Exchange Commission (SEC) rules, shareholders in public companies that have owned \$25,000 in stock for more than one year, \$15,000 in stock for more than two years, or \$2,000 in stock for more than three years have the right to present a shareholder resolution to the rest of the company's stockholders. Formerly, shareholders were only required to own \$2,000 in stock for more than one year. As of this writing, shareholders have brought a lawsuit seeking to overturn the rule revision due to its onerous nature that inherently restricts shareholders' rights.

Nonprofit groups, pension funds, religious groups, socially responsible investment companies, and individuals owning shares of stock in the company can submit shareholder resolutions.

Shareholders use this right of ownership to hold companies accountable for past actions, prevent future controversies, and seek to protect communities, employees, and the environment.

Company Engagement

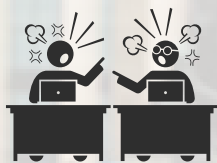
The Process

Each year, shareholder proposals are filed with companies in every industry and market cap. There are three possible outcomes to this process:



Successful Negotiation & Withdrawal

Companies can choose to engage the shareholder and seek a mutually agreeable withdrawal of the proposal. Shareholders and company representatives negotiate to meet their goals.



SEC Challenge

Companies can challenge the proposal at the Securities and Exchange Commission (SEC), asking for permission to exclude it from going to a vote at the annual meeting. The company and the shareholder argue their sides and await the SEC's decision.



Vote by Shareholders

If engagement does not lead to an agreement and the proposal has not been omitted by the SEC, the proposal goes to a vote of shareholders at the company annual meeting.

2022 Engagements

In 2022, NorthStar engaged companies on several topics related to economic equality, as well as racial justice, governance, and human rights.

Each year, we craft shareholder proposals to address significant issues in society and at companies. Proposals are submitted directly to companies in our client portfolios in pursuit of direct engagement on specific issues. NorthStar was the sole filer or lead filer on each of the engagements listed in this document, unless otherwise noted.

Evolving from our prior work on prison labor and criminal legal system reform, our primary focus for 2022 was pressing companies to develop pathways for individuals with criminal records to obtain a fair chance at employment. People who have had interactions with the criminal legal system face immense barriers to employment after release. We believe the recent tight labor market increases opportunities for us to pursue productive conversations with companies because we know that gainful employment will benefit families, communities, and improve employee retention and productivity at those companies while improving economic outcomes for jobseekers with criminal records.

You can learn more about this engagement campaign later in this document.



2022 Engagement Outcomes

10

SHAREHOLDER
PROPOSALS
FILED

52

LETTERS
WRITTEN TO
COMPANIES

PROPOSAL BY OUTCOME

Withdrawal
10%



Voted
90%

10



SHAREHOLDER
PROPOSALS
FILED

6,967

VOTES CAST

52

LETTERS

LED LETTER CAMPAIGN IN
COLLABORATION WITH
MEMBERS OF THE RACIAL
JUSTICE INVESTING COALITION
-- OUTLINING SHAREHOLDER
EXPECTATIONS FOR PROXY
VOTING ITEMS RELATED TO
PROMOTING RACIAL EQUITY

48%



ENGAGED WITH

— 48% —

OF ELIGIBLE
BUY LIST
COMPANIES

78%

VOTE AGAINST
MANAGEMENT

96%

VOTE FOR
SHAREHOLDER
PROPOSALS

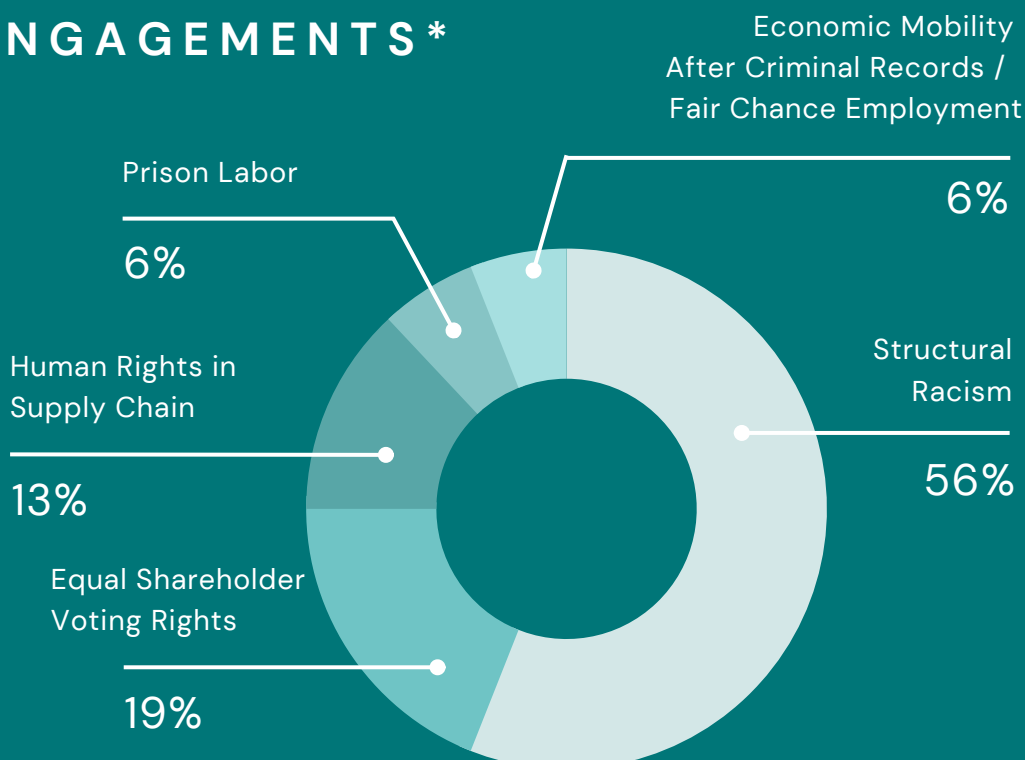
99.9%

VOTE AGAINST
COMPENSATION
PACKAGE

57%

VOTE AGAINST
BOARD OF
DIRECTORS

ENGAGEMENTS *



*Calculated based on a percent out of total company engagements in 2022, including letters and shareholder proposals. The term "engaging" refers to writing letters, discussions with company management about an issue related to one or more of our five pillars, or filing a shareholder resolution incorporating one or more of our five pillars. Please be advised that we may be unable to engage with non-U.S. companies depending upon local law and restrictions. When engaging a foreign issuer, we typically send a letter.

2022

Shareholder Proposal Summary^{1, 2, 3}

PROPOSAL	COMPANY	VOTES IN FAVOR
ASSESSING INCLUSION IN THE WORKPLACE	<ul style="list-style-type: none"> FedEx Intel Corporation PayPal 	<ul style="list-style-type: none"> 12.0% 16.7% Withdrawn After Successful Negotiation
ACHIEVING RACIAL EQUITY ON THE BOARD OF DIRECTORS	<ul style="list-style-type: none"> Badger Meter Home Depot 	<ul style="list-style-type: none"> 25.1% 13.6%
ELIMINATING DISCRIMINATION THROUGH INCLUSIVE HIRING	<ul style="list-style-type: none"> Microsoft 	<ul style="list-style-type: none"> 11.0%
ASSESSING DUE DILIGENCE ON HUMAN RIGHTS IN SUPPLY CHAIN	<ul style="list-style-type: none"> TJX Companies 	<ul style="list-style-type: none"> 24.6%
GIVE EACH SHARE AN EQUAL VOTE	<ul style="list-style-type: none"> Alphabet Block Meta Platforms 	<ul style="list-style-type: none"> 33.2% 27.9% 28.1%

1.Past performance is no guarantee of future results.

2.Information valid as of date of publication.

3.The information provided herein does not provide information reasonably sufficient upon which to base an investment decision and should not be considered a recommendation to purchase or sell any particular security or to make any particular investment.

NorthStar Shareholder Proposals

Each year, NorthStar engages with corporations in our client portfolios as part of our commitment to seek out and address risks that may affect our clients' investments and potentially cause harm to other stakeholders like employees, communities, and the environment. Throughout our 22 year history of filing shareholder proposals to hold companies accountable, we have addressed a broad array of issues within our Five Pillars -- race & gender, economic equality, human rights, environmental justice, and corporate governance.

The following section sets forth our philosophies on these pillars and provides examples of the work we have pursued and highlights from 2022 engagements.



Racial Justice & Gender Equity

One of the core tenets of NorthStar's approach to racial justice and gender equity is the acknowledgement that the U.S. economy was built on the free labor of enslaved Black and Indigenous people who continue to be oppressed and held back today.

We recognize that, as investors benefitting financially from capitalism, we are complicit in oppression.

From this recognition is a commitment to use our leverage as part-owners of publicly traded companies to push society forward towards racial and gender equity.

NorthStar has been working on issues related to racism and discrimination since our inception. In the past several years, we have crystalized our approach

so that we are not only anti-racist *allies*, but also doing the work of being *accomplices* in the fight against white supremacy. As an anti-racist accomplice, we aim to use our privileges and leverage to dismantle structures that oppress people of color and women.

In our work, we push companies to:

- Name (and publicly disclose) systemic racism as a cause of diversity issues;
- Recognize that the corporate ladder is broken for women and people of color, and find ways to fix it;
- Realize that even if it's systemic, the company still have a responsibility to tackle racism and its manifestations head on.



Board Diversity

For over a decade, NorthStar has engaged companies regarding diversity on the board of directors as well as diversity in senior management. Because NorthStar rarely adds a company to our portfolio that has an all-white all-male board, much of our work on this issue is conveying to company management that while adding a sole woman or person of color is a critical first step, it remains insufficient.

Research is clear that diversity on the board adds value, but that in order for those voices to be heard there needs to be at least three women or people of color. We continue to push companies to increase diversity levels above and beyond these minimums. This year, NorthStar filed a shareholder proposal on diversifying the board of directors at Badger Meter and Home Depot.

BADGER METER

We continued an ongoing engagement with Badger Meter in 2022. In 2021, this proposal garnered a supermajority – 85% — of votes in favor which led to the company later adding to the board its first person of color in over a decade. However, the company's board diversity levels remained far below our minimums.

In 2022, so we re-filed our proposal, garnering 25% of the vote. The company again added a person of color after the annual meeting.

HOME DEPOT

Also in 2022, we engaged Home Depot on its board diversity in a follow-up engagement to press the company on why its board diversity continued to lag our expectations. During the process of our engagement, Home Depot added several new board members for shareholders to approve, including diverse candidates. However, Home Depot was unwilling to codify this change through governance revisions or commitments, so this proposal went to a vote of shareholders and garnered 13.59% of the vote.



Systemic Racism in Corporate Culture

After years of engagements related to increasing diversity both in the senior management and board, this year NorthStar put forth a new dialogue strategy aimed at the underlying issues. Our newest proposal, called "Assessing Inclusion in the Workplace," requests that companies examine how *written policies* and *unwritten norms* at each company reinforce racism in company culture.

In our engagements on this proposal, NorthStar pushes companies to acknowledge that structural racism exists (in society and in their company culture) and seeks implementation of concrete steps to remedy cultural issues. Our proposal encourages the company to examine the pressure to code-switch, inequitable outcomes by race/ethnicity, lack of sponsorship, and other ways that employees of color face broken rungs in the corporate ladder.

Image Credit: Mike Marchetti from baseimage

INTEL & FEDEX

Intel and FedEx both engaged us on our proposal, but we were unable to come to an agreement. Both proposals went to a vote, receiving 12% of the vote at FedEx and 16.7% at Intel.

PAYPAL WITHDRAWAL

NorthStar also filed this shareholder proposal at PayPal, a company whose CEO has made public statements decrying systemic racism and violence against people of color. Through our engagement, we learned that PayPal is tackling this issue through a "groundwater approach" with a consultant focused on racial equity matters. After engaging with PayPal and negotiating new disclosures on this issue, we were able to withdraw our shareholder proposal.

The image shows two workers in bright orange jumpsuits and white hard hats on a ship's deck. They are pulling a thick, white, braided rope. The background shows the ship's structure and a clear blue sky. The text "Prison Labor" is overlaid on the left side of the image.

Prison Labor

Prison labor is enabled in the United States by the 13th amendment of the U.S. Constitution which prohibits slavery “except as a punishment for crime.” Over 2.2 million individuals are incarcerated in state, federal, and private prisons in the United States, and nearly all able-bodied incarcerated people work in some fashion.

Since 2015, NorthStar has been researching this issue and engaging companies on the possible exposure to prison labor in their supply chains. Learn more [here](#).

In 2022, we did not directly engage any companies on prison labor in their supply chains; however, we continued work on fair chance employment that is a continued evolution of our work on criminal justice reform and human rights. Read more in the following sections.




Economic Equality

In a post-COVID world, racial inequities in education, health, and wealth are wider than ever before. As explained by [testimony](#) from the Economic Policy Institute during the pandemic, "Black workers have suffered record numbers of job losses during the COVID-19 recession, along with the ensuing related economic devastation." In addition to the financial legacy of enslavement, historic segregation and red-lining, and continued discrimination in the workplace, COVID-19 financial losses became yet another hurdle disproportionately affecting people of color and women.

We believe that these disparities are harmful to our economy, families, and communities, and that concentrating wealth and power is a long-term risk for companies that rely upon customers of all kinds.

While recognizing our role in this system as equity-owning investors, NorthStar uses our status as shareholders and investors in non-public equity opportunities to push for progress that creates fair and equitable economic relationships.



Fair Chance Employment

Fair chance employment, also referred to as “second chance hiring,” creates equal opportunity hiring practices for formerly incarcerated people. These practices allow applicants with prior convictions to demonstrate their qualifications without the interference of criminal history biases.

Fair chance employment may include removing questions about an applicant’s arrest or conviction history from job applications, delaying background checks from taking place until later in the hiring process, adopting a position-specific background check, and educating hiring managers and the greater workforce about the unwarranted biases related to criminal records. The implementation of fair chance hiring practices can help level the playing field and give formerly incarcerated individuals the opportunity to secure an appropriate job with career

potential, while broadening the hiring pool for employers to include applicants with high motivation to keep the right job and see the company thrive.

In 2021, NorthStar wrote to all portfolio companies on their fair chance hiring practices and in 2022 we continued an engagement with Microsoft on the issue, described below.

MICROSOFT

NorthStar filed a shareholder proposal at Microsoft on fair chance employment for the 2022 proxy season. Microsoft had signed the Fair Chance Business Pledge in 2016, but we had seen little implementation of that pledge. After informative but unproductive engagement, our proposal went to a vote and received 11% of the vote from shareholders.



Human Rights

Universal human rights, including the freedoms of speech, privacy, health, life, liberty, and security, as well as an adequate standard of living, are foundational to our work at NorthStar.

A wide range of human rights issues continue to be pressing this year, from Uyghur forced labor in China to the ongoing Russian invasion of Ukraine. NorthStar's research process seeks to examine the ways in which current and potential investments relate to human rights abuses or protection. At NorthStar, we are committed to our goal of weeding out companies with practices we cannot tolerate while opening the door to investment in companies where we believe that shareholder engagement can make a difference.

LGBTQ+ Rights



TRANS RIGHTS
ARE
HUMAN RIGHTS
#GWITHTHE

Founded by one of the original plaintiffs in the legal case that earned Massachusetts equal marriage rights, NorthStar has successfully engaged portfolio companies to include LGBTQ+ people in internal benefits and protections.

However, in many states, LGBTQ+ people can be turned away from restaurants or stores, may face harassment and legal action for using a public bathroom, and are not protected through hate crimes legislation. Despite positive forward progress when marriage equality became a nation-wide right, LGBTQ+ people continue be denied federal nondiscrimination protections at work and in public.

Broad protective legislation must be passed by federal lawmakers. The bipartisan Equality Act, if passed, would amend existing civil rights

law to provide consistent and explicit nondiscrimination protections for LGBTQ+ people across key areas of life.

In 2019, NorthStar wrote to twenty-four portfolio companies asking them to join the Human Rights Campaign's Business Coalition for the Equality Act and/or to urge political candidates the company supported financially to support the Equality Act.

In early 2021, the U.S. House of Representatives passed the Act, getting us one step further toward LGBTQ+ equality. In 2022, we also saw the overturning of *Roe v. Wade*, which many critics fear paved the way for the elimination of other rights like equal marriage. We continue to follow these issues and consider how our role as investors can protect such rights.



Human Rights Due Diligence

Most global publicly traded companies have internal policies intended to guide its employees to adhere to international law and standards related to human rights issues. That said, as investors, we know that robustness of those policies and the scope of implementation of those policies can vary widely between companies.

In addition, companies use vendors and suppliers -- sometimes tens of thousands of vendors -- for supplying their direct operations, manufacturing, or daily functioning. At NorthStar, we believe that our portfolio companies have significant influence over suppliers through their existence as buyers, and therefore we hold those companies accountable for ensuring that their vendors follow policies that protect and defend human rights.

TJX

Continuing a multi-year engagement related to its supply chain, NorthStar engaged TJX Companies on whether and how it verifies adherence to its vendor code of conduct for its extensive vendor network around the globe. Our proposal focused on how the company is ensuring suppliers do not use forced, child, or prison labor.

The proposal went to a vote and received nearly 25% of the vote from shareholders.



Environmental Justice

As our world is hitting limits -- ecologically, politically, racially -- with increasing wealth disparities, it is more important than ever for NorthStar to continue our intersectional holistic approach to social change.

When examining our Environmental Justice pillar, each of NorthStar's other Five Pillars is reflected: acknowledging the disproportionate effects on people of color due the legacy of colonialism and entrenched racism (race and gender); the cost of climate adaptation on those least able to afford it (economic equality); the effect on health, livelihoods, and ability to survive (human rights), and how corporate policies and actions can intervene or cause disruption (corporate governance).

As record-breaking heatwaves, wildfires, and floods destroy communities and commerce, take lives and threaten food production, the economy is also at risk. Rich countries and corporations must take responsibility for reducing our aggregate energy use to enable a sufficiently rapid transition to renewables, and we must reduce aggregate resource use to reverse ecological breakdown.

In our work, we seek to invest in ways that aim to avoid negative environmental or social externalities while trying to solve environmental problems and using shareholder activism to hold companies accountable.



Clean Energy's Dirty Secrets

In attempting to gain more exposure to the electrification of our world, we find ourselves confronting inconvenient truths regarding the green revolution that is being sold as a panacea for one of society's greatest challenges.

Clean energy is in fact not so clean.

It is impossible to explore investment opportunities within the renewable energy sector without constantly being confronted by human rights abuses. The solar panel industry is heavily dependent on the controversial Xinjiang region of China for its cheap fossil fuel-generated electricity. Xinjiang is also home to the Uyghur Muslim minority who have been persecuted, raped, and tortured because of their religious beliefs. Similarly, when evaluating opportunities to increase our exposure to electric vehicles, we discovered human rights

abuses within the supply chain involving child labor and exposure to hazardous and cancer-causing particles.

As socially responsible investors, it is our duty to invest in the most responsible manner possible to ensure we are not creating more ethical, environmental, or social problems while trying to solve an environmental problem.

A close-up photograph of a young boy with dark hair, wearing a green t-shirt, leaning over a public water tap. He is cupping his hands under the running water and drinking. The tap is made of metal and is mounted on a wooden post. The background is blurred, showing an outdoor setting.

Human Right to Water Sanitation

According to a 2020 [study](#), "by 2030, demand for water will outstrip supply by 40 percent, and that about half of the world's population will live in water-scarce areas." Companies touch water resources in many ways in the everyday dealings of business -- in manufacturing and cooling, producing and treating wastewater, extracting drinking resources in humid and arid environments, and for plant production in agriculture. The corporate water footprint is vast and complex.

The human right to water was first recognized by the UN General Assembly and the Human Rights Council as part of binding international law in 2010. NorthStar began our work on the human right to water in 2007, before the UN's formal recognition. In past engagements with portfolio companies, including three water utilities, we have successfully negotiated the creation of policies in support of the human right to water.

Those policies reflect a responsibility to ensure that safe, sufficient, acceptable, physically accessible, affordable water is available for drinking and hygiene in the communities in which the company does business.

As affirmed by a 2021 UN [report](#), the growing global water crisis requires action both by governmental actors as well as businesses in order to reduce preventable deaths and ensure access to safe water for drinking and agriculture worldwide.

While NorthStar did not engage any companies in 2022 on the human right to water, this issue remains more than important than ever as water scarcity increases in severity and prevalence. We foresee this line of engagement becoming critical as the climate crisis increasingly affects water resources.



Corporate Governance

Corporations wield power over many facets of society.

They can limit or expand consumer choice, influence consumer beliefs and actions by promoting certain ideas through their brand, affect the outcome of political races or ballot initiatives through political contributions and lobbying, expose or reduce exposure to chemicals and pollutants, and much more.

Corporate governance is the collection of mechanisms, policies, and procedures that companies have in place to control and operate the corporation. Shareholders can engage companies on those governance

mechanisms to protect shareholders, employees, the environment, and other stakeholders as well as to encourage company growth and shareholder return.

At NorthStar, we engage companies on corporate governance issues in pursuit of supporting our guiding values.

Image Credit: kanchanachitkhamma from Canva



Unequal Voting Rights

At most companies, shareholders receive one vote per share on each proxy item at a meeting of shareholders. Shareholders get to use their vote to voice their opinion on matters that concern them as part-owners of the company.

At a handful of publicly traded companies, company insiders have outsized voting rights. Engaging on equal voting is critical because when insiders control over 50% of the vote while actually owning far less in shares, it's nearly impossible for shareholders to effectively oppose management's desired outcome on any proxy item.

We engage these companies because without equal shareholder voting, shareholders' most effective strategy to hold companies accountable remains muted.

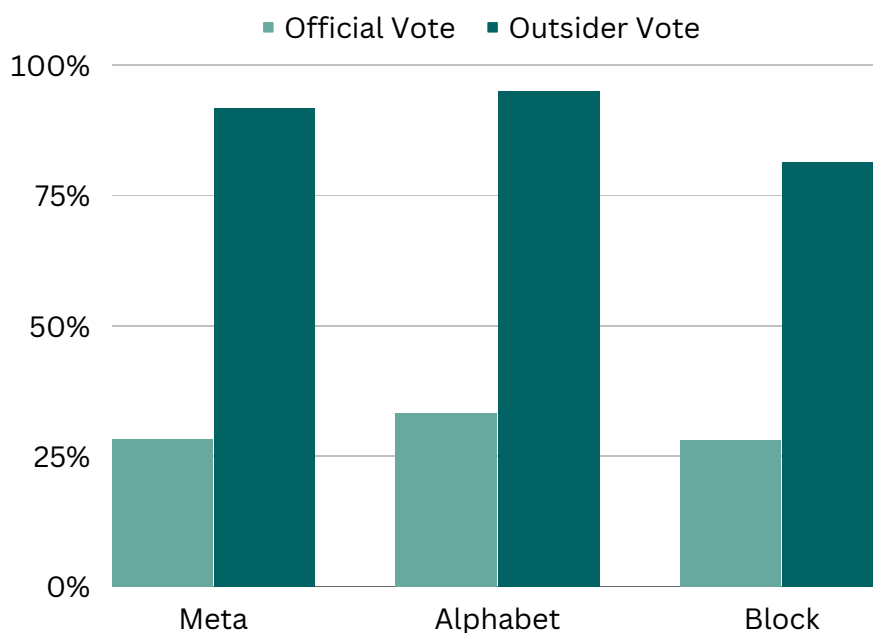
The controversy Meta faced in the fall of 2021 after a whistleblower accused the company of placing “profit over safety” is one of the more recent scandals that has threatened or caused losses in shareholder value of the Meta stock. Without equal voting rights, shareholders cannot provide effective feedback to management or hold the board accountable.

NorthStar has filed proposals on equal voting at Meta (formerly Facebook) and Alphabet (parent company to Google) for many years, sometimes with co-filers. In 2022, NorthStar also filed this proposal at Block (formerly Square).

Unequal Voting Rights

Alphabet, Block, Meta

Across the board, these proposals receive high vote counts with outside shareholders that vote ordinary shares. While our proposals have only received about 25–35% of the official vote, when we extract the insider vote from the count, we see how ordinary shareholders view our request. We estimate that at both Meta (formerly Facebook) and Alphabet, our equal voting proposal earned over 90% of the "outsider" vote.



Estimates are based upon our calculations from company-reported data obtained from company proxy statements and 8-K filings.

A photograph of the U.S. Capitol building in Washington, D.C., taken from a low angle on a grassy lawn. The building's iconic dome and classical columns are visible against a dramatic sky with soft, orange and blue clouds, suggesting a sunset or sunrise. The title 'Corporate Political Contributions' is overlaid in large white text on the left side of the image.


Corporate Political Contributions

For many years, companies have poured millions of dollars into U.S. elections through political action committees (PACs), SuperPACs, ballot initiative PACs, and "dark money" tax-exempt organizations that funnel contributions with little disclosure. Companies often claim that they participate in the political process to support issues the company believes will further its own goals such as intellectual property, trade issues, or immigration, without considering how those contributions will affect other issues like climate change, women's rights, LGBTQ+ rights, etc.

Since 2011, NorthStar has sought to press companies to improve their diligence processes for making political contributions to include a comprehensive analysis of the intended political recipient, with the goal of reporting how candidates' policy stances align or contrast with

the company's policies, values, and goals. The need for congruency between company values and political contributions has come into focus sharply this year. After the January 6 insurrection of the U.S. Capitol, many companies have had to reconsider their political contributions and endorsement of values. According to research by Citizens for Responsibility and Ethics in Washington, companies that pledged to halt donations to the insurrectionists have since contributed over \$2 million directly to their campaigns or PACs. Media critics and shareholders are paying close attention to this issue.

This is a perfect example of the long-term financial ramifications of topics upon which we engage our portfolio companies.



Proxy Voting

In addition to direct engagements with portfolio companies, NorthStar uses our ability to vote proxies as part of our activism. In 2022, we continued to vote all client proxies and follow detailed guidelines that seek to further our activism goals and uphold our guiding values.

In general, we take a contrarian stance toward proxy voting. We believe that our position as active investors who are concerned about the long-term effects of health, safety, and equity issues requires that we deeply scrutinize actions taken and requests made by the companies in our client portfolios.

The following pages summarize our proxy voting activities for the reporting year, and you can find our full proxy voting guidelines in the Proxy Voting section of our [Creating Change webpage](#).

We Voted Against

78%

of Management's
Recommendations



Voting on Board of Directors

We Supported

31%

of Board of Director Candidates

In total, boards added 395 new independent directors, 13% less than last year. New directors represent 7% of all S&P 500 directors... Nearly half — 46% — of new directors are Black/African American, Asian, Hispanic/Latino/a, American Indian/Alaska native or multiracial, and 46% are women. Together, directors from these historically underrepresented groups account for 72% of all new directors, in line with 2021 results.

Source: [2022 Spencer Stuart Board Index](#)

NorthStar has a long history of engaging companies to add more women and people of color (POC) to their board of director candidate slates, and we also use our proxy voting rights to work towards improved diversity in corporate America.

We have a strict policy of calculating diversity as the first screen when considering voting for or against the board slate. For 2022, we sought a minimum of 50% women on the board and 50% POC/racial and ethnic diversity as well as a minimum of 60% combined gender and racial/ethnic diversity.

If a board slate meets our minimum requirements, we will consider voting for the entire director slate. If the minimum levels of diversity have not been met, we consider voting for individual board members of color and women/gender diverse board members. In 2022, few board slates met our minimums, and we voted against 69% of the board candidates in our client proxies.

Going forward into 2023, NorthStar plans to maintain our current policy on board diversity expectations.



Voting on Executive Pay

Executive pay has escalated for decades, enabled by board member and institutional investor support, while economic inequality between socio-economic and racial groups continues to widen.

Top executives are often even overpaid even during times of crisis. We saw this during the COVID-19 pandemic when some companies laid off large swaths of employees while continuing to dole out multi-million dollar bonuses to CEOs.

We continue to believe that executive compensation is on an outsized growth pace that fails to align with our expectations of what executives should be paid. Given NorthStar's focus on seeking creative opportunities to lessen economic inequality, in 2022 we supported less than a tenth of one percent of executive compensation packages that were put forward for shareholder approval.

We Supported

0.1%

of Executive
Compensation
Packages

Many CEOs, at the start of the pandemic, vowed to not take a salary last year to keep layoffs to a minimum. But new preliminary data from the Economic Policy Institute shows that the average CEO's compensation still jumped 16% last year.

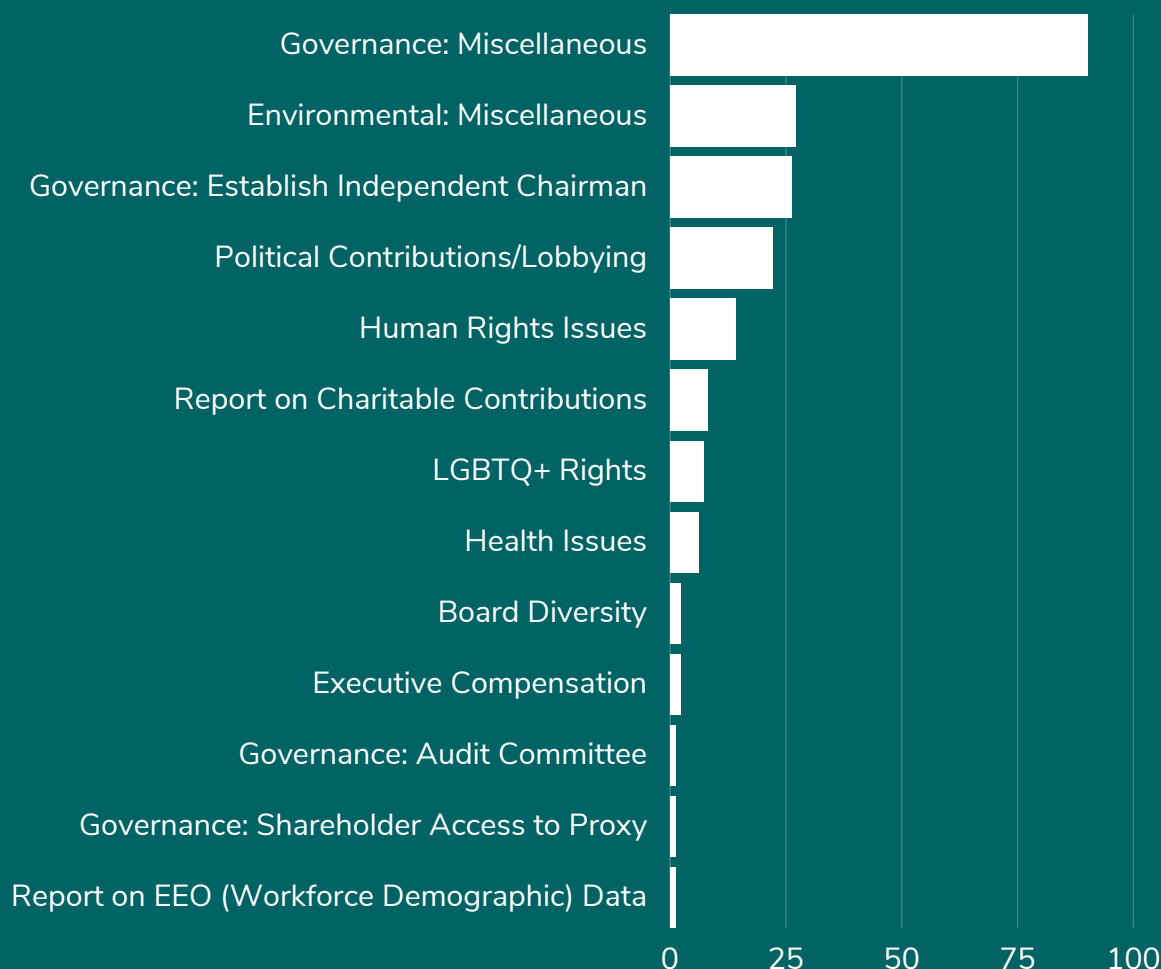
Average worker compensation was up just 1.8%.

Source: [Fortune](#)

2022 | Proxy Season Shareholder Proposal Topics

In 2022, many shareholders used their rights to bring forward numerous concerns through shareholder proposals. At NorthStar, we consider a corporation responsible for the actions of its employees, its subsidiaries, and any suppliers over which it has influence. As such, we generally support shareholder proposals that nudge companies forward on environmental, social, and good governance issues of all kinds. We also keep an eye out for conservative proposals that seek to undo progressive accomplishments or confuse shareholders.

Below, you'll find a distribution chart of the topics we voted on by category.



Data and categorizations listed here provided by Broadridge with editing by NorthStar for clarity. Topics listed cover all shareholder proposals received by NorthStar clients for 2022.



Outside Investments

In addition to our work at the publicly traded companies in our client portfolios, we pursue strategies outside the public equity market. We call this segment of our work "Outside Investments."

Outside Investments include private equity and fixed income opportunities that we believe can more directly affect marginalized populations, small businesses, local economies, and the environment. These can range from worker co-ops and community loan funds to responsible forestry and regenerative agriculture.

Our work in Outside Investments allows us to select and recommend opportunities in which there are clearly delineated commitments to collaboration and distributed wealth and power.

Image Credit: nailotl from Canva

Outside Investments are privately placed with various types of entities, as described above. In addition to the risks of equity (which include, but are not limited to, changes in revenue, margins, earnings, dividends, cash flow, balance sheet, leverage, liquidity, solvency, legal matters, negative publicity, brand image, and general market volatility) and the risks of fixed income investing (such as credit risk, interest rate changes and the yield curve, inflation, default, monetary policy changes, government instability, and other risks), Outside Investments are typically illiquid.

A photograph of a field of young corn plants at sunset. The sun is low on the horizon, casting a warm, golden glow over the scene. The corn plants are small and green, growing in rows in a dark, rich soil. The background is a soft, hazy landscape under the sunset sky.

Outside Investments Spotlight

Black Farmer Fund

In 2022, we were proud to recommend Black Farmer Fund (BFF), a private loan fund that seeks to support Black community wealth and health by investing in Black food entrepreneurs throughout the Northeast.

Founded by a team of inspiring and tenacious Black farmers, BFF represents a BIPOC-led endeavor to rectify our nation's history of discrimination by promoting resilient and accessible food systems, land ownership, and wealth redistribution. In addition to investment and philanthropic capital, BFF offers technical support and community building through convenings and workdays, educational programming, and business coaching.

Black Farmer Fund has enabled our clients to invest in accordance with their passion for racial and economic justice while supporting restorative agricultural and food practices.



Outside Investments Spotlight GrownBy

GrownBy is a technology platform that aims to support small farms throughout the U.S. by connecting farmers and customers. Users can find farms in their area, join CSA plans, and order products for pickup at the farm or other locations.

Beyond its innovative platform, GrownBy is structured as a farmer cooperative in an effort to ensure farmer representation in the company's governance and economics. GrownBy has repeatedly demonstrated a commitment to advocating on behalf of small farmers and also on behalf communities that lack access to fresh and healthy food. To that end, in partnership with the USDA, GrownBy developed a feature whereby customers can utilize Supplemental Nutrition Assistance Program (SNAP) benefits.

We are proud to work with a company committed to fostering a kinder, more humane agricultural system that reaches everyone regardless of income.

Collaborations

NorthStar also supports many of our colleagues' engagements through sign-on letters, allowing us to add our voice and investor strength to projects that go beyond our primary work. Below is a sampling of the topics of letters we signed in 2022:

- Decrying racism
- Advocating for abortion rights
- Requests for political contribution disclosure
- Protecting indigenous communities
- Protecting planet from deforestation, oil projects, and harmful impacts
- Advocating for climate disclosure and sustainability due diligence
- Supporting unionizing efforts
- Supporting digital rights
- Supporting tax transparency

We signed

14

Letters in 2022

Topics listed are high-level summaries covering all letters signed based on our categorization of nuanced issues.

Memberships



NorthStar is a member of numerous formal and informal groups that collaborate to create stronger networks for change.



Disclosures

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Past Outside Investment recommendations available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities on this list.

Past performance is no guarantee of future results.