



Social Change &  
Activism Report  
2023 - 2024

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**NORTHSTAR**  
ASSET MANAGEMENT

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Image credit: Ehimetalor Akhere Unuabona on Unsplash

# NorthStar's Perspective

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We approach activism and advocacy from the perspective of our five pillars: racial justice and gender equity; environmental justice; economic equality; human rights; and corporate governance. We are guided by our awareness and acceptance of complexity, interrelationships, and crosscurrents that often affect people and communities disproportionately.

In 1989 Kimberlé Crenshaw defined these kinds of relationships as intersectionality and suggested that identities such as race, class, gender, and sexuality compound to create harm for marginalized people. These experiences manifest in both overt and covert aggressions, preventing overall acceptance in society and celebration of differences. At NorthStar, we have found that this framework of intersectional relationships takes us deeper into uncovering and comprehending societal issues and fundamental inequities.

This year we used intersectional thinking to guide us in our approach to fair chance employment and how to encourage companies to commit to considering intentional recruitment of formerly incarcerated peoples. Our process required that we examine issues of incarceration and returning citizens across our five pillars and ultimately design an effective shareholder resolution. We successfully withdrew our proposal at Xylem after their adoption of fair chance employment practices, and we presented eight other proposals at the intersections of racial and economic equality, human rights, and corporate governance.

We draw strength from the array of skills, identities and lived experiences that staff at NorthStar bring to our shareholder engagement and activism work, and we are always guided by our deeply-held conviction that the financial system is broken, that people are suffering, and that we need to help our clients use their resources to effect change.

>> The NorthStar Activism Team



# Activating Systemic Change in Public Markets

## 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.

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 prescient as we lived through the 2008 recession.

# 430

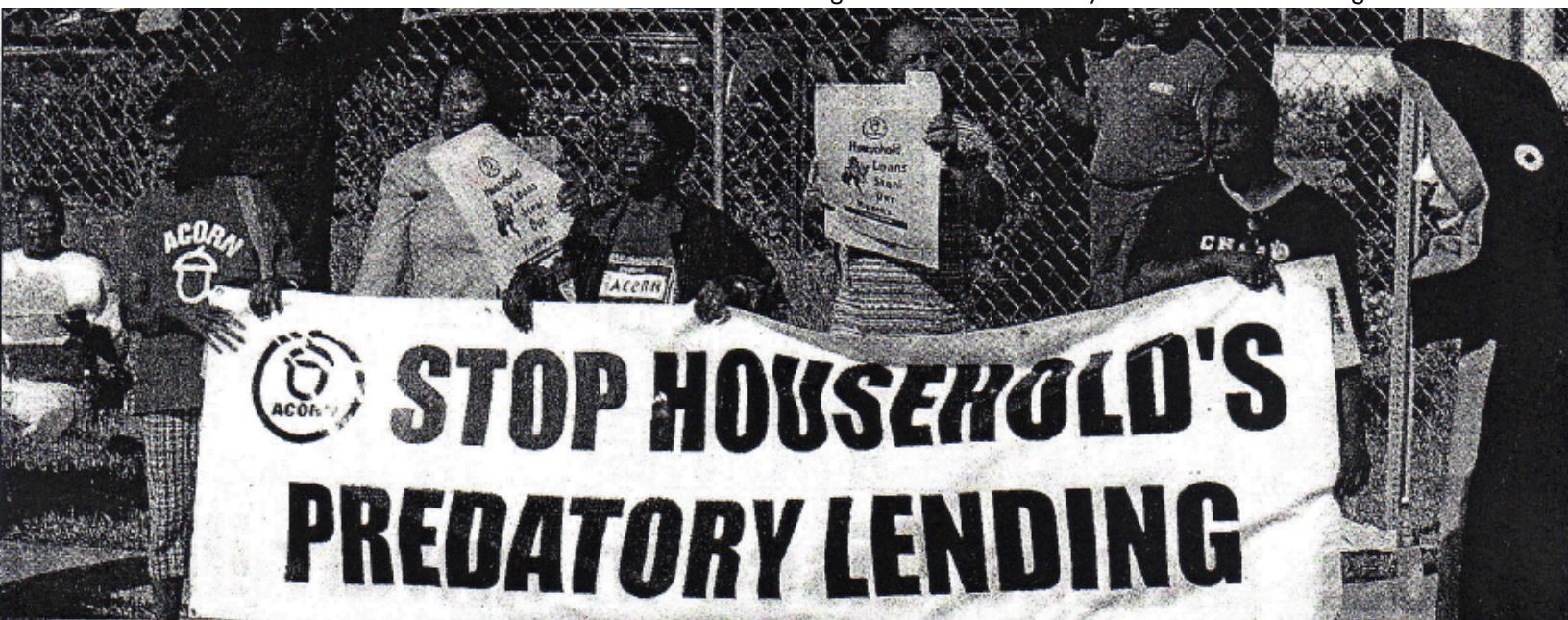
PUBLIC COMPANY  
ENGAGEMENTS  
SINCE 2001

**We believe that no publicly traded company is socially responsible, and we use our rights as shareholders to press for change.**

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 create real change.

Image credit: Stefanie Boyar from St. Petersburg Times 2001



# FIVE PILLARS GUIDE OUR WORK

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*Our work is intersectional, with 98% of our engagements across more than one pillar and 31% involve more than two pillars.*

## Racial Justice & Gender Equality

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 and women.

## 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

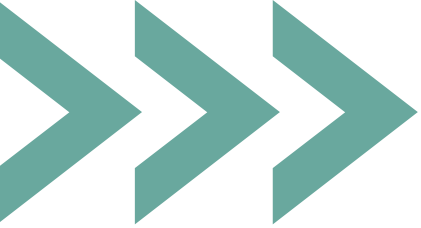
As public equity investors, we recognize our complicity in a system that continues to oppress marginalized people while rewarding the wealthy. We also believe that the system is broken and people are suffering due to extensive structural inequality and bias. We aim to use our influence as investors to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

## Human Rights

With a deep belief that corporations should not profit from human suffering or oppress basic human rights. We actively support and pursue universal human rights for everyone including the LGBTQ+ community in our engagement and 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.



# The NorthStar Process

WE BELIEVE THAT NO PUBLICLY TRADED COMPANY IS SOCIALLY RESPONSIBLE, SO WE SEEK TO DRIVE POSITIVE CONTRIBUTIONS TO OUR SOCIETY AND PLANET BY:

1

Avoiding companies whose business models do harm or perpetuate economic, racial and gender inequities i.e. tobacco, alcohol, fossil fuels, weapons, for-profit prison companies, extractive financing, resource extraction

2

Strategically selecting companies that provide solutions and services to cope with and solve some of the most pressing problems of our time: Ecological Limits, Aging Demographics and Leveling the Playing Field

3

Employing creative and progressive shareholder proposals and advocacy to urge investee companies to improve their corporate behavior

## INTERSECTIONAL LENS

According to the Bureau of Labor Statistics, in Q1 2024, the median average earnings for women was \$0.85 for \$1.00 earned by men; Black and Hispanic men earned \$0.75 and \$0.73 for \$1.00 earned by white men. *How is economic equity possible without racial and gender equality?*

This year's shareholder proposals on Fair Chance Employment (FCE) strive to highlight how corporations can address racial and economic equity by providing opportunities for re-entry for formerly incarcerated individuals.

## GUIDED BY LOCAL COMMUNITY ACTIVISTS

We have a long history of leaning on individuals and organizations closest to the problems to help guide and inform our research.

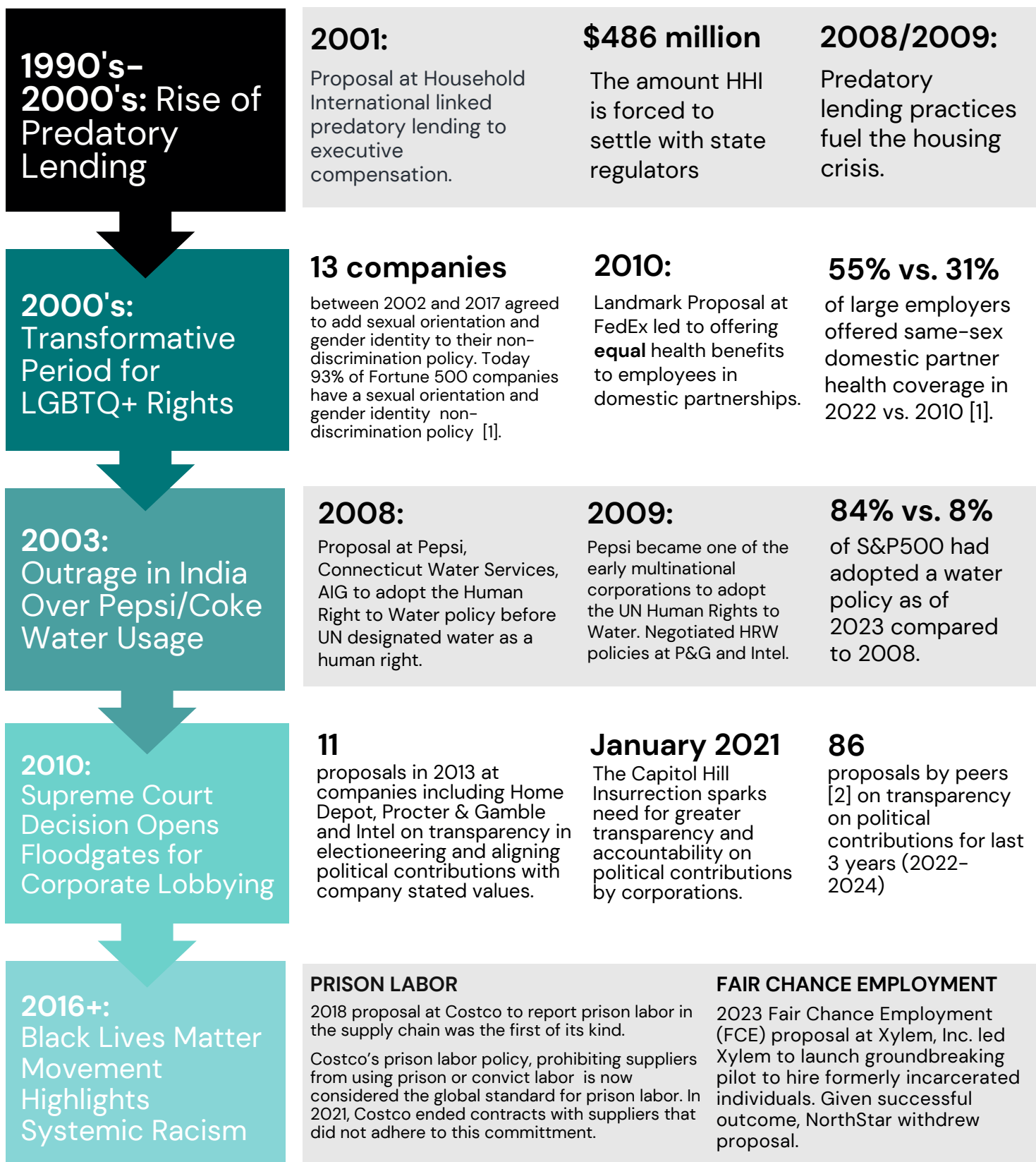
We collaborated with Association of Community Organizations for Reform Now (ACORN) to file our first resolution in 2001 and more recently with EXPO (Ex-incarcerated People Organizing) Wisconsin. EXPO is led by formerly incarcerated people working to end mass incarceration and change Wisconsin's unjust penal system.

## EVOLVING SENSE OF JUSTICE

In the 1950s, commercialization of the polyfluoroalkyl substances (PFAS) family of chemicals was considered revolutionary. The resistance to heat, oil and water spanned numerous consumer applications from non-stick cooking pans to waterproof shoes. Over time, scientific studies revealed that these chemicals live forever in our water and in our blood stream. Now, we are spending billions in remediating and phasing out these substances from our water sources. Science evolves, social norms and cultural values change and so must our perspective and understanding of long term risks.

# Shareholder Activism

## NORTHSTAR'S IMPACT AS A SOCIAL CHANGE CATALYST



[1] <https://www.hrc.org/resources/corporate-equality-index>

[2] Peers refers to all shareholder proposals in Bloomberg as of June 2024  
Source: Data related to S&P 500 is from Bloomberg



# Creating Positive Change Through Shareholder Activism

NORTHSTAR AT THE FOREFRONT

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## ENGAGEMENTS SINCE 2001

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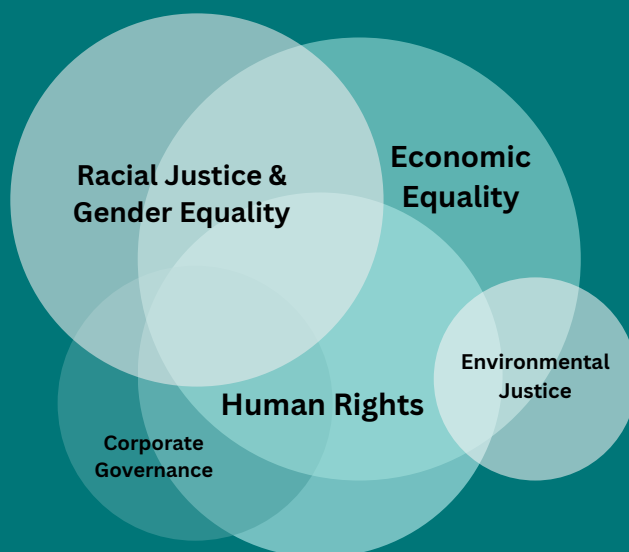
SHAREHOLDER PROPOSALS

# 186

LETTERS

## Shareholder Proposals Summary

Went to Vote	147	60%
Successfully Withdrawn*	59	24%
Received >10% Vote	69	47%
Received >25% Vote	31	21%



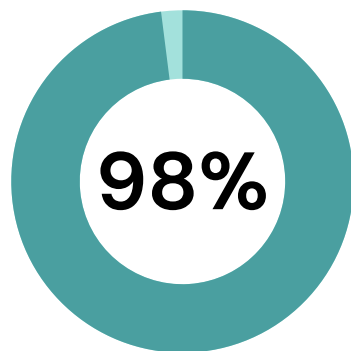
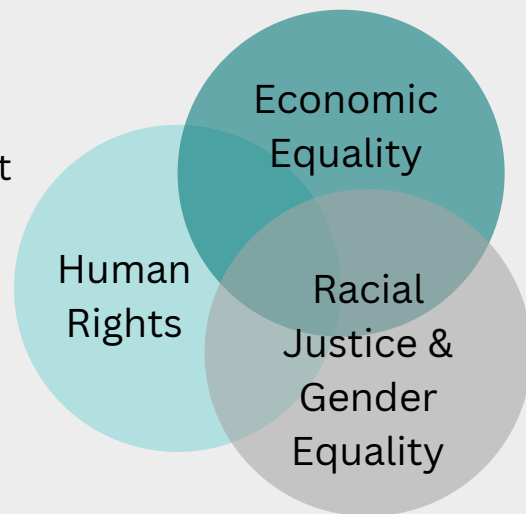
All of our shareholder engagements cover one or more of our five pillars. In fact, **98% of our engagements reach multiple pillars.**

\***Successfully Withdrawing** a proposal is an ideal outcome. This means our shareholder proposal asks are being agreed to by the company in joint conversations. NorthStar will only withdraw our proposal if we feel the company is transparent and agrees to all parts of our proposal asks. We have strict expectations for withdrawing our proposal and if our engagement with the company does not result in a successful withdrawal, we will move forward with the formal filing, presentation and vote at the company's Annual General Meeting.

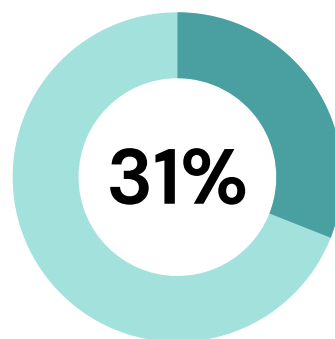
# Intersectional Perspective

Our work focuses on highlighting how corporate and management decisions ranging from enhanced disclosure on Equal Employment Opportunity Data to comprehensive policy on prison labor in the supply chain can spark a fundamental shift in the power structure and create change. While most of our engagements are spread across more than one pillar, our engagement focuses most heavily on Economic Equality and Racial Justice & Gender Equality.

For example, NorthStar’s shareholder proposals on Fair Chance Employment would exist at the intersection of Economic Equality, Racial Justice & Gender Equality, and Human Rights. This intersectionality helps us dive deeper rather than siloing our efforts into one pillar.



of our proposals touch more than one of our five pillars.

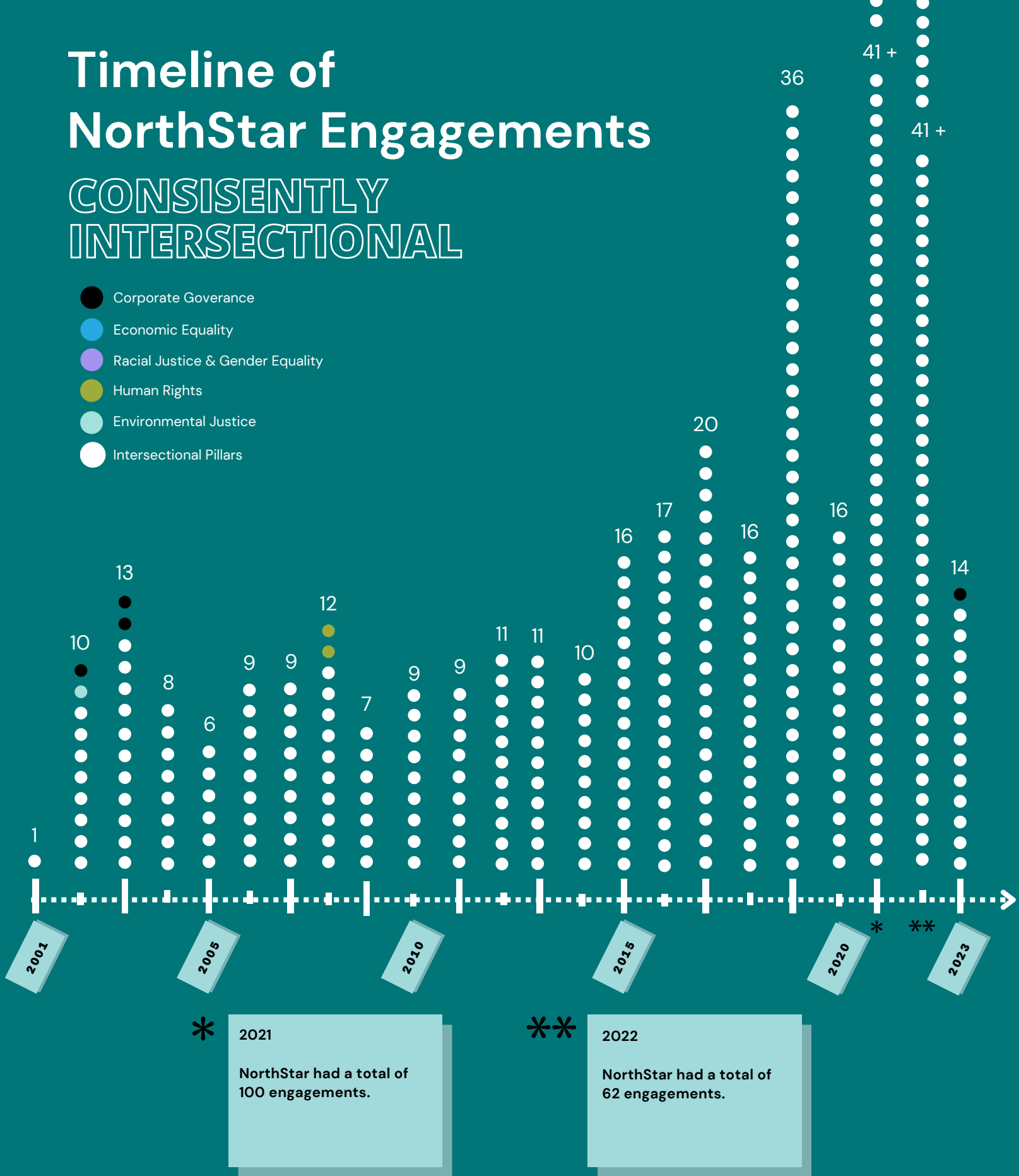


of our proposals touch more than two pillars.

# Timeline of NorthStar Engagements

## CONSENSITELY INTERSECTIONAL

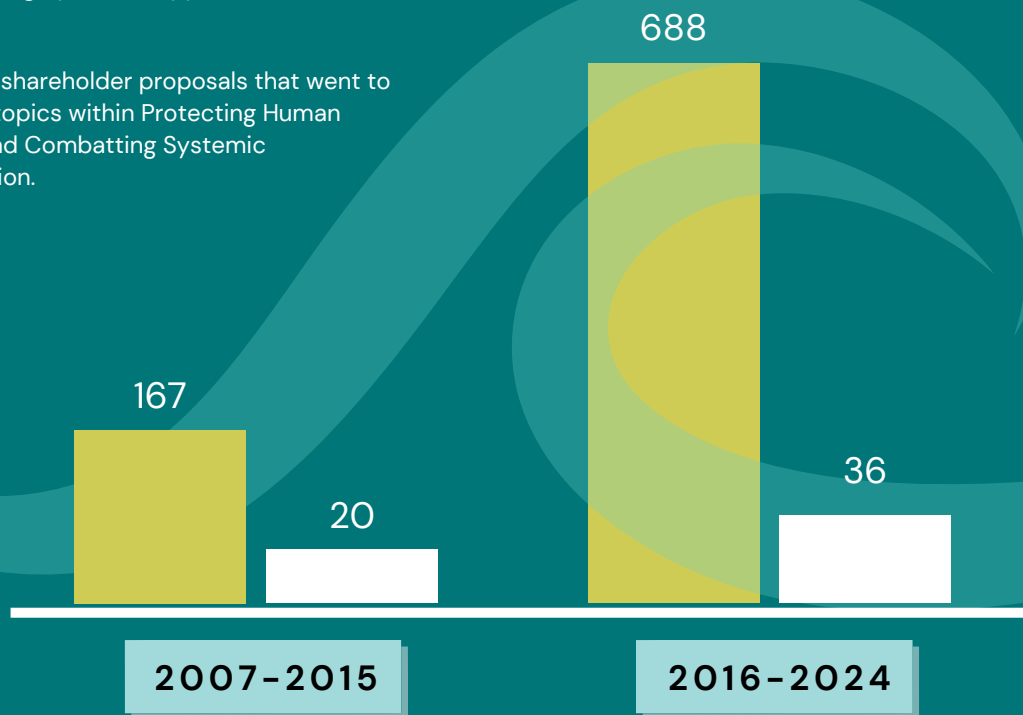
- Corporate Governance
- Economic Equality
- Racial Justice & Gender Equality
- Human Rights
- Environmental Justice
- Intersectional Pillars



**A Note on Intersectional Pillars:** Any proposal that incorporated more than one pillar is defined as an intersectional proposal, denoted by the white dots. For example, a proposal that could not only be categorized by Economic Equality but also Racial Justice & Gender Equality would receive an intersectional denotation.

# Shareholder Proposals Related to Protecting Human Rights and Combatting Systemic Oppression

- NorthStar Shareholder Proposals (on topics within Protecting Human Rights and Combatting Systemic Oppression) that went to vote.
- All other shareholder proposals that went to vote on topics within Protecting Human Rights and Combatting Systemic Oppression.






## NORTHSTAR AS A CATALYST

NorthStar has always been at the forefront, particularly when it comes to filing first-of-their-kind shareholder proposals on Human Rights, Economic Equality, Corporate Governance and Racial Justice & Gender Equality. We were among the first to file proposals calling for companies to align their political contributions with company values and to ask companies to add sexual orientation and gender identity to their non-discrimination policies. Our Fair Chance Employment engagements have also provided inspiration for numerous other proposals and engagements. While our efforts in protecting human rights and combating systemic oppression have remained consistent, the total number of related shareholder proposals have skyrocketed. We see ourselves as catalysts to long-term sustainable change.

Methodology: Data on all shareholder proposals filed was provided by ProxyMonitor for years 2007-2015 and from Bloomberg BI PROXY for years 2016-2024. Analysis was completed by identifying all proposal types (each data source classifies proposals differently) that were related to human rights and/or combatting systemic oppression. NorthStar data was derived from internal records. Only proposals that went to vote were included.

# NorthStar Shareholder Proposals

TOPIC	 PROPOSAL	FIRST YEAR VOTES IN FAVOR	CAN RE-FILE								
Eliminating Discrimination Through Inclusive Hiring	<p>Shareholders request that the Board of Directors prepare a report, at reasonable cost, omitting proprietary information, and published publicly within one year from the annual meeting date, analyzing whether company hiring practices related to people with arrest or incarceration records are aligned with publicly stated DEI (diversity, equity, and inclusion) statements and goals, and whether those practices may pose reputational or legal risk due to potential discrimination (including racial discrimination) claims.</p> <p>Fair Chance employment allows applicants with criminal records to be more equitably considered for jobs without a criminal history bias. It encourages employers to lower the barrier but not the bar for qualified individuals to obtain employment. Practices include but also go beyond “ban the box,” [1] describing a constellation of practices based upon the recognition that jobseekers with criminal records can be actively recruited and supported. Additionally, as Black and Hispanic Americans make up a disproportionate share of formerly incarcerated people, fair chance employment can help support the company’s workplace diversity commitment.</p>	<table border="1"> <tr><td>Adobe</td><td>17.0%</td></tr> <tr><td>Badger Meter</td><td>17.5%</td></tr> <tr><td>IDEX Corp.</td><td>18.5%</td></tr> <tr><td>Xylem</td><td>Successfully Withdrawn</td></tr> </table>	Adobe	17.0%	Badger Meter	17.5%	IDEX Corp.	18.5%	Xylem	Successfully Withdrawn	
		Adobe	17.0%								
Badger Meter	17.5%										
IDEX Corp.	18.5%										
Xylem	Successfully Withdrawn										
<p><b>PILLAR FOCUS</b></p> <ul style="list-style-type: none"> <li>+ ECONOMIC EQUALITY</li> <li>+ RACIAL JUSTICE &amp; GENDER EQUALITY</li> </ul>											

Assessing Inclusion in the Workplace	<p>Shareholders request the Board of Directors prepare a report to shareholders analyzing whether written policies or unwritten norms at the company reinforce racism in company culture and including any planned remedies.</p> <p>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 access to opportunity by race/ethnicity, lack of sponsorship, and other ways that employees of color face broken rungs in the corporate ladder.</p>	<table border="1"> <tr><td>A.O. Smith</td><td>9.0%</td></tr> <tr><td>Digital Realty</td><td>12.8%</td></tr> </table>	A.O. Smith	9.0%	Digital Realty	12.8%	
		A.O. Smith	9.0%				
Digital Realty	12.8%						
<p><b>PILLAR FOCUS</b></p> <ul style="list-style-type: none"> <li>+ ECONOMIC EQUALITY</li> <li>+ RACIAL JUSTICE &amp; GENDER EQUALITY</li> </ul>							

### WHAT DOES IT MEAN TO RE-FILE?

Proposals are voted once a year and presented at the company’s Annual General Meeting (AGM). After the votes are calculated, the percentage of votes FOR are determined. If the proposal does not pass but garners a certain percentage of votes FOR, the same proposal can be resubmitted the next year.

The amount of support a proposal must receive to be eligible for resubmitted depends on the number of times the proposal has been filed. The parameters are established by the U.S. Securities and Exchange Commission (SEC).

### Level of Shareholder Support Necessary to be Eligible for Resubmission

If previously voted on once	5%
If previously voted on twice	15%
If previously voted on three times or more	25%

Source: <https://www.sec.gov/corpfin/procedural-requirements-resubmission-thresholds-guide>

[1] “Ban the box” has been a nationwide movement to remove the checkbox from job applications that require applicants to disclose whether or not they have a criminal record. “Nationwide, 37 states and over 150 cities and counties have adopted what is widely known as ‘ban the box’ so that employers consider a job candidate’s qualifications first—without the stigma of a conviction or arrest record.” <http://www.nelp.org/publication/ban-the-box-fair-chance-hiring-state-and-local-guide/>

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23

# NorthStar Shareholder Proposals

TOPIC

PROPOSAL

VOTES IN FAVOR

CAN RE-FILE

Give Each Share an Equal Vote

FILING SINCE 2015

Shareholders request that the board take all practicable steps in its control to initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. We recommend that this be done through a phase-out process in which the board would, within seven years or other timeframe justified by the board, establish fair and appropriate mechanisms through which disproportionate rights of Class B shareholders could be eliminated. This is not intended to unnecessarily limit our Board's judgment in crafting the requested change in accordance with applicable laws and existing contracts.

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.

Since 2015, our proposals at these companies have consistently earned over 90% of the "outsider" vote but only 25-35% of the official vote because of the outsized voting power of the founders and insiders.

Without equal voting rights, shareholders' ability to provide feedback to the board and protect their investment is diminished. This share structure empowers the CEO and insiders to appoint a board that primarily serves the CEO and management, not shareholders. Our long standing proposal is the best illustration of this argument.

Official Outsider\*

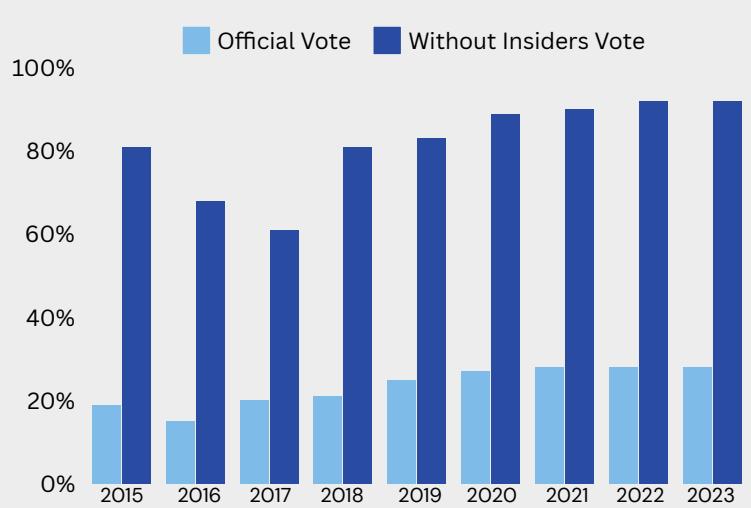
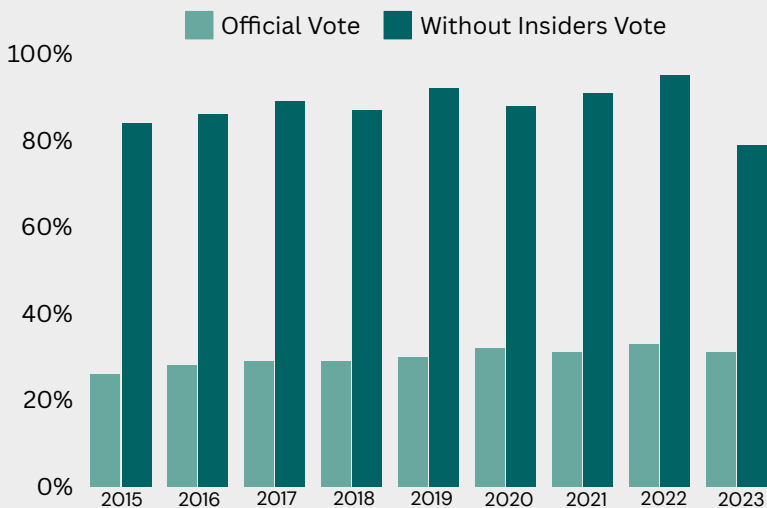
Meta Platforms	28.0%	91.9%
Alphabet	30.8	78.8%



\*Across the board, these proposals receive high vote counts with outside shareholders that vote ordinary shares. While our proposals have only received about 25-30% 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 and Alphabet, our equal voting proposal earned over 80% of the "outsider" vote.

PILLAR FOCUS

- + CORPORATE GOVERNANCE
- + ECONOMIC EQUALITY




ALPHABET

META

20  
23

# NorthStar Shareholder Proposals

TOPIC	PROPOSAL	VOTES IN FAVOR	CAN RE-FILE
<p>Assessing Due Diligence on Human Rights in Supply Chain</p> <p>SECOND YEAR OF FILING</p>	<p>Shareholders urge the Board of Directors to oversee a third-party assessment and report to shareholders, at reasonable cost and omitting proprietary information, assessing the effectiveness of current company due diligence in preventing forced, child, and prison labor in the company's supply chain.</p> <p>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.</p>	<p>TJX Companies 25.7%</p> <p><b>PILLAR FOCUS</b></p> <ul style="list-style-type: none"> <li>+ HUMAN RIGHTS</li> <li>+ CORPORATE GOVERNANCE</li> <li>+ RACIAL JUSTICE &amp; GENDER EQUALITY</li> </ul>	

## ABOUT THE SPEECH

Part of the shareholder proposal process involves presenting each proposal at the company's annual general meeting (AGM). In order for the proposal to be officially considered, someone from NorthStar, or elected on behalf of NorthStar, must verbally usher the proposal to a vote. Usually this is done in the form of a speech either in-person or virtually. Each proposal speech is given three minutes to present.

This speech was written and delivered by a NorthStar employee at the TJX 2023 Annual General Meeting.

*"The International Labor Organization and the United Nations Children's Fund estimates that 160 million, or 1 in 10 children world-wide, have toiled in labor since 2020. At a time when kids should be playing with friends and learning in school, many find themselves choosing between getting an education or working to provide for themselves and their families. Many of those children working in the garment industry are faced with poor working conditions, poverty wages, health and safety risks, lack of benefits, and in extreme forms, forced labor and debt bondage.*

*TJX Companies sources from approximately 21,000 vendors in over 100 countries. With clothing and footwear generating the lion's share of our company's revenue, TJX labor violations in their supply chain would undoubtedly expose shareholders to reputational risk and costs related to legal action. Even as recently as this year, the New York Times has reported how migrant children work long hours for little pay at the expense of their education and safety.*

*While TJX currently has a Vendor Code of Conduct in place that prohibits vendors from using prison labor, forced labor, or child labor. The Company's auditing program only routinely verifies a small portion of factories – usually the factories that TJX has direct control over for private label products. While these are great steps toward exposing possible issues, the company still sources garments from brands at risk of being complicit in labor exploitation in their supply chains according to "Supply Risk" an open platform that exposes risk in global supply chains.*

*The pervasiveness of human suffering in the manufacture of goods that could be sold in TJX stores combined with the company's limited inspections of its supply chain highlights the need to evaluate TJX's human rights due diligence processes. While we recognize the challenges posed by the TJX buying model, we also think it's clear that the risks of doing business are too high to ignore."*

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23

# NorthStar Engagement Highlights

## Letter Writing

Letter writing is another tool within activism and shareholder engagement that we use to engage companies. Unlike shareholder proposals, companies do not have to engage or respond to the letter asks, thus, they can be ineffective. Often times, we use letters to address International companies who are not bound by shareholder rights laws of the United States. We might also write a letter to gain perspective on an issue before creating a shareholder proposal, or determine whether an issue is worth further investigation.

### Novo Nordisk

- + Economic Equality
- + Human Rights

NorthStar engaged Novo Nordisk regarding issues with two of their drugs, Wegovy and Ozempic. Ozempic is a lifesaving drug prescribed to patients with Type II diabetes, and Wegovy treats obesity. However, both drugs have been popularized as off-label cosmetic weight loss drugs. In conversation with Novo Nordisk we wanted to understand whether the Company has safeguards to ensure that patients who need the drug have enough supply given their popular off-label use. The company reiterated that they condemn the use of their medications off-label and have internal checks in place that ensure advertising is on-label.

### Home Depot

- + Economic Equality
- + Human Rights
- + Racial Justice & Gender Equality
- + Corporate Governance

NorthStar engaged Home Depot on concerns regarding their alleged funding of the Atlanta Police Foundation and their planned police training facility dubbed "Cop City". Our goal was to better understand their rationale in supporting practices that contradicted their commitment to diversity, equity and inclusion. In communication, the company explained their connection to the Atlanta Police Foundation and how their financial contribution was used to support Veteran Housing and a breakfast. The company also reiterated their core values and commitment to bettering their communities.





# Fair Chance Employment Spotlight

In the U.S., 70 million Americans or one in three adults have a criminal record, with 45,000 “collateral consequences” – federal, state or local legal or regulatory restrictions after release. 62% of these consequences work against the convicted individuals in securing employment.[1]

As having a criminal record is often stigmatized, convicted individuals are overlooked for employment opportunities which prevents successful contribution to the economy and re-entry into society. According to the Center For Economic and Policy Research, the U.S. loses up to \$87 billion annually in unrealized GDP when this population is left out of overall workforce participation. [2] “And there’s an opportunity cost for employers as well, who are unable to benefit from the talents of tens of millions of qualified candidates,” as stated by the co-chairs of the Second Chance Business Coalition, Craig Arnold, CEO of Eaton Corporation and Jamie Dimon, CEO of JPMorgan Chase.[3]

## **LOWER THE BARRIERS, BUT NOT THE BAR**

Fair Chance employment, or “second chance hiring,” allows applicants with criminal records to be more equitably considered for job opportunities without a criminal history bias. Fair Chance employment encourages employers to lower the barrier but not the bar for qualified individuals to obtain employment. Fair Chance employment practices include but also go beyond “ban the box,”[4] eliminating broad exclusions for certain categories of convictions or delaying background checks until after conditional offers are made. These are critical first steps, but Fair Chance employment describes a constellation of practices based upon the recognition that jobseekers with criminal records can be actively recruited and supported.

Fair Chance employment seeks to provide formerly incarcerated jobseekers opportunities they may not otherwise access due to conviction-related challenges. Certain modifications allow applicants with prior convictions to be fairly considered for the job without employers’ criminal history biases. Fair Chance employment practices can include creating internships for formerly incarcerated people, partnering with local reentry organizations, internal workshops aimed at reducing stigma towards people with criminal records, direct-hire opportunities for in-prison or post-incarceration training programs, or considering other ways to find, recruit, and train people with arrest or incarceration histories who might not otherwise be able to apply for a job at the Company.

[1] [https://www.americanbar.org/content/dam/aba/publications/criminaljustice/cc\\_national\\_summit\\_report.pdf](https://www.americanbar.org/content/dam/aba/publications/criminaljustice/cc_national_summit_report.pdf)

[2] <https://cepr.net/images/stories/reports/employment-prisoners-felonies-2016-06.pdf>

[3] <https://www.cnn.com/2021/04/27/perspectives/second-chance-hiring-dimon/index.html>

[4] “Ban the box” has been a nationwide movement to remove the checkbox from job applications that require applicants to disclose whether or not they have a criminal record. “Nationwide, 37 states and over 150 cities and counties have adopted what is widely known as ‘ban the box’ so that employers consider a job candidate’s qualifications first—without the stigma of a conviction or arrest record.” <http://www.nelp.org/publication/ban-the-box-fair-chance-hiring-state-and-local-guide/>

# Xylem, Inc.

## Fair Chance Employment Shareholder Engagement Success

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Xylem is a water technology manufacturing company based in Washington, DC aiming to help customers “solve the world's toughest water challenges across utility, industrial, commercial, and residential markets worldwide.”

NorthStar engaged Xylem in 2022-2023 regarding fair chance employment. We identified Xylem as an engagement opportunity due to its status as a manufacturing company with a focus on water solutions -- a sector we believe to be critical due to the progression of climate change, the availability of unionized positions for certain roles, skill-building growth opportunities within the company, and the variety of locations for Xylem factories. Lastly, we also kept in mind what we believe would be specific benefits for Xylem, such as increased diversity of race and ethnicity as well as diversity of lived experience, and proactive expansion of the labor pool.

NorthStar engaged Xylem through the shareholder proposal process, filing a resolution titled, “Eliminating Discrimination through Inclusive Hiring,” which asked the Xylem board of directors to prepare a report analyzing “how the company’s hiring practices related to people with arrest or incarceration records are aligned with publicly stated DEI (diversity, equity, and inclusion) statements and goals, and whether those practices may pose reputational or legal risk due to potential discrimination (including racial discrimination) claims. Xylem approached the engagement with interest and openness to the process. During the dialogue with NorthStar, Xylem initiated the planning process for a groundbreaking fair chance employment pilot program at two of its manufacturing locations, with intentions to expand in 2024.

Additionally, the company selected one of its pilot locations due to the high diversity in the surrounding communities. NorthStar appreciated that Xylem kept racial equity in mind when choosing siting locations for the pilot program. As a result of the successful engagement, NorthStar was able to withdraw our proposal.

As of fall 2023, Xylem has successfully connected with reentry and workforce partners for both of its two pilot program locations and has begun receiving referrals of fair chance jobseekers from those partners. The company expects to begin accumulating metrics on the success of the program by end of 2024.

Lastly, NorthStar hosted a webinar in March 2024 titled, “Untapped Potential- A Fair Chance Employment Roadmap” where notable panelists discussed how employers can start a fair chance employment strategy, debunk stigmas and highlight the benefits to employers in implementing such a program. The webinar can be viewed at <https://vimeo.com/923811509>.

For additional detail on our work focused on fair chance employment, please reference NorthStar’s whitepaper released last fall, “The Investor Case for Fair Chance Employment” which details our research on fair chance employment along with our related strategy on company engagement. [1]

[1] [https://northstarasset.com/wp-content/uploads/2023/11/The-Investor-Case-for-Fair-Chance-Employment\\_NorthStar-Asset-Mgmt-2023Nov.pdf](https://northstarasset.com/wp-content/uploads/2023/11/The-Investor-Case-for-Fair-Chance-Employment_NorthStar-Asset-Mgmt-2023Nov.pdf)

# Untapped Potential – Advocating for a fair chance at economic mobility

DANT'E COTTINGHAM

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Last year, NorthStar's shareholder proposal, "Eliminating Discrimination through Inclusive Hiring" was presented at the annual Badger Meter and IDEX Corporation meetings by Dant'e Cottingham, a community organizer from EXPO-Wisconsin (Ex-Incarcerated People Organizing). Dant'e was incarcerated for 27 years and is now a powerhouse in affecting positive change for the fair chance community. Please see below for an excerpt of his speech.

**NORTHSTAR**  
ASSET MANAGEMENT

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I know that we, directly impacted people, are men and women who've made mistakes **but refuse to be defined by them.**

We are people who want and place tremendous value on a livable wage. We are people who want to make contributions to our communities and the economy.

We are people who want a fair chance to display **who we ARE not who we WERE.**

I would like to end with a quote by Ghandi, I think he sums it up perfectly when he says:

"Evil, Injustice, Hatred exist only insofar as we support them."

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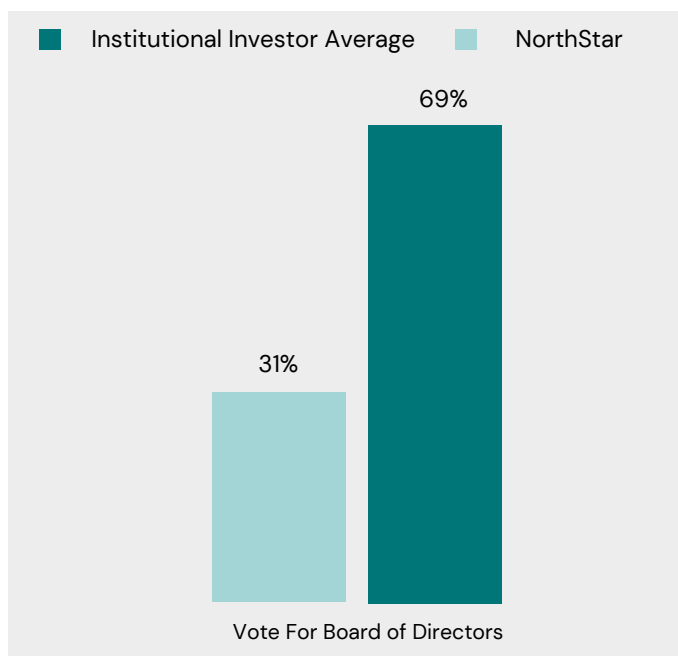
DANT'E COTTINGHAM,  
EXPO-WISCONSIN



# 2023 Proxy Season

## Shareholder Proposal Topics

NorthStar uses our ability to vote proxies as part of our activism strategy. When we vote, we follow detailed guidelines aligned to our core values and activism goals. You can find our proxy voting guidelines in the [Proxy Voting Section](#) of our [Creating Change](#) webpage.



### Board of Director Candidates

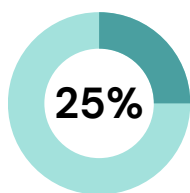
For over a decade, NorthStar has engaged companies regarding diversity on the board of directors as well as diversity in senior management. Because NorthStar rarely adds a company to our portfolio that has an all-white and all-male board, much of our work on this issue is conveying to company management 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. Per our guidelines, we require a minimum 50% women board members and 50% POC/racial and ethnic diversity.

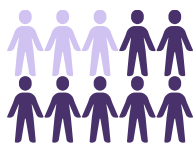
If a board slate meets our minimum requirements, we will consider voting for the entire director slate. If the minimum levels of diversity have not been met, we consider voting for individual board members of color and women/gender diverse board members. In 2023, few board slates met our minimums, and we voted against 69% of the board candidates in our client proxies.

Going forward into 2024, NorthStar plans to maintain our current policy on board diversity expectations.

% of Ethnically or Racially Diverse S&P 500 Board of Directors

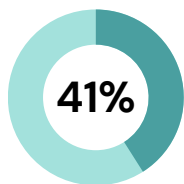


% of Women S&P 500 Board of Directors

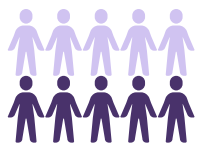


32%

US Population % that is Ethnically or Racially Diverse



% of Women in US Population



50%

# 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.

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 2023 we supported less than a tenth of one percent of executive compensation packages that were put forward for shareholder approval.

CEO-to-worker compensation ratio, 1965–2022

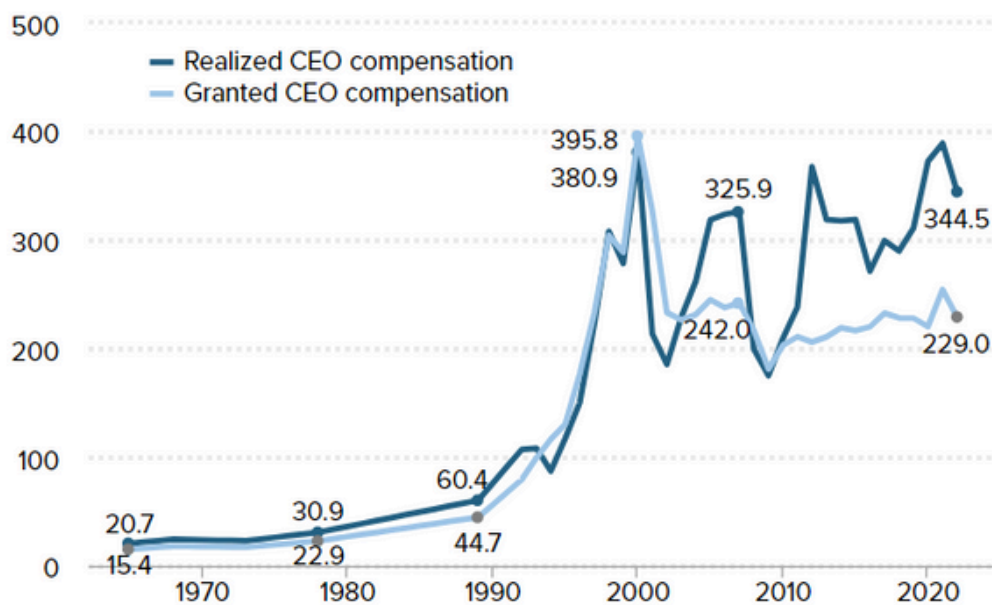


Chart Data

**Notes:** Average annual compensation for CEOs is for CEOs at the top 350 U.S. firms ranked by sales. Typical worker compensation is the average annual compensation (wages and benefits of a full-time, full-year worker) of production/nonsupervisory workers in the industries that the top 350 firms operate in. ...

**Source:** Authors' analysis of data from Compustat's ExecuComp database, the Bureau of Labor Statistics' Current Employment Statistics data series, and the Bureau of Economic Analysis NIPA tables.

We supported  
**0.1%**  
of Executive Compensation Packages vs. 86% average support from Institutional Investors

The average annual CEO compensation at the top 350 US firms reached \$25 million in 2022 vs. \$68,000 for an average private sector employee.

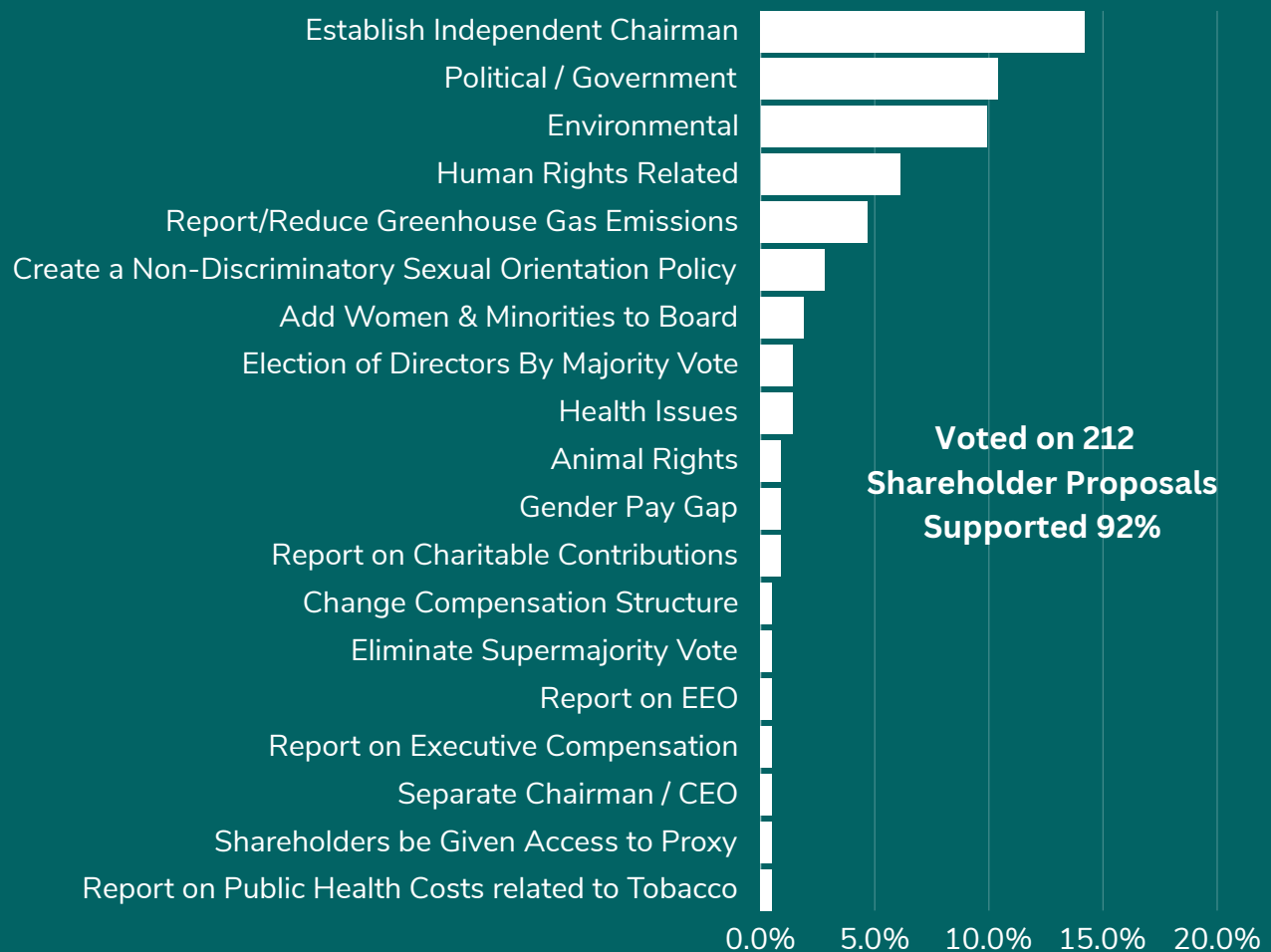
CEO pay soared an astonishing 1,209.2% from 1978 to 2022 while worker pay increased just 15.3% over the same period.

# 20 23

## Proxy Season Shareholder Proposal Topics

In 2023, 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 deceptive 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 2023.

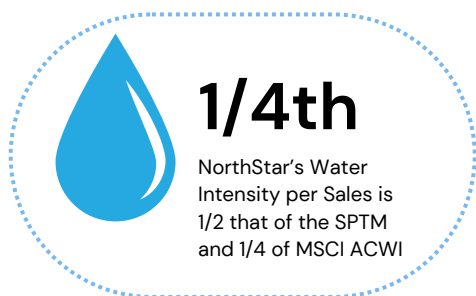
# Impact Reporting

## BEYOND SCORING SYSTEMS AND CHECKLISTS

At NorthStar, we believe a nuanced understanding is crucial when evaluating a company's performance on our Five Pillars. We aim to delve deeper than simple scoring systems or checklists that attempt to distill complex and real-world issues into quantitative values in a way that dismisses the intersectionality of the issues we assess.

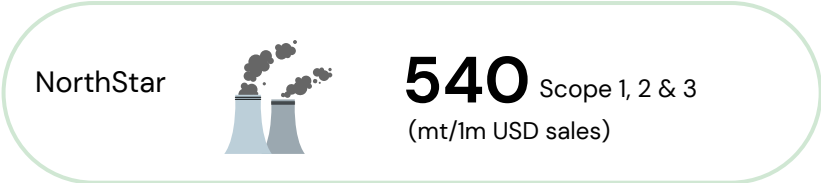
Instead, we build a mosaic based on deep qualitative and quantitative research on company filings and other publicly available information from non-profits, think tanks, government and other research organizations. Our objective is to build a deeper understanding of the company culture, identifying underlying issues that may prohibit our investment due to misalignment with our firm goals, and identifying issues upon which we can engage the company. This process results in a portfolio with a lower carbon and water footprint as well as more diverse and independent board of directors.

## NorthStar Portfolio Sustainability Metrics



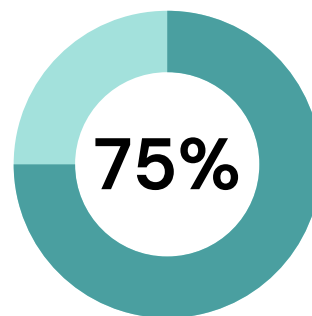
**3x**

NorthStar's Energy Intensity is 3 times less than SPTM and 2.5 times less than ACWI.



**83%**

of NorthStar Global Equity companies have 30% or more women on their boards vs. 61% for SPTM and 72% for ACWI



of NorthStar Global Equity companies have 80% or more Board Independence vs. 77% for SPTM and 39% for ACWI

# Outside Investments Spotlight



Image Credit: Communities Unlimited, Inc.

## COMMUNITIES UNLIMITED

Communities Unlimited seeks to change the economic trajectory of rural and under-resourced communities in areas of persistent poverty toward place-based prosperity and self-sufficiency. CU serves seven states—Arkansas, Texas, Oklahoma, Louisiana, Tennessee, Mississippi, and Alabama—with environmental services (water and wastewater infrastructure), small business, and home renovation loans and expertise. This service area includes 45% of the nation’s persistent poverty counties, where more than 20% of the population has lived in poverty for over 30 years, and 47% of the population is people of color.

**“Talent is distributed equally across the United States. Opportunity is not.”**

Source: communitiesu.org

CU stands out as an organization committed to significant and robust programming that is supported with grant funding. Their programs are highly representative of the NorthStar approach to five pillar analysis and include: Community Environmental Services Program (water and wastewater); Rural Housing Program; Entrepreneurship; Community Sustainability; and Healthy Foods.

2023 Impact

**1,061,128**

People Served

**762**

Communities

## GENESIS COMMUNITY LOAN FUND

The Genesis Community Loan Fund was founded in 1991 by several MidCoast faith-based organizations as a revolving loan fund to provide financing for affordable housing. Genesis emphasizes flexible, affordable financing to Maine nonprofits who often have difficulty in obtaining conventional financing. Additionally, The Genesis Fund provides technical assistance to local nonprofits to create these projects.

Since Founding

**400** projects

**\$96 million** in loans

**30,000 hours** in expert project guidance



Image Credit: The Genesis Community Loan Fund

The Outside Investments Team values Genesis’ genuine commitment to its community and also its focus on not only creating affordable housing, but on protecting and preserving it. Additionally, Genesis Fund has a strong commitment to supporting low and moderate income communities and racial equity. For example, there has been an influx of immigrants to Maine, and in particular, immigrants of African descent. Genesis Fund has been at the forefront of providing this community with essential services and infrastructure. Genesis provided a loan to the Somali Bantu Community Association, which focuses on food justice, community advocacy, and education. The loan enabled the nonprofit to expand to a larger location in closer proximity to the community.

“It is difficult to focus on education, language training, or workforce programs when you don’t know where you will be sleeping at night. Affordable housing is not only a matter of social responsibility, but also an essential economic strategy.”

— Ruben Torres, Maine Immigrants’ Rights Coalition Communications and Policy Lead



# Collaborations

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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 2023:

- Advancing racial equity
- Advocating for abortion rights
- Supporting the ban of death penalty
- Supporting a living wage for US workers
- Supporting the shareholder proposal process
- Supporting ban of noncompete clauses

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We signed

7

Letters in 2023

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

# Memberships

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# Disclosures

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Advisory services offered through NorthStar Asset Management, Inc., a registered investment adviser. Registration does not imply any level of skill or training. This communication is for educational purposes only. It is neither an offer to sell nor a solicitation of any offer to buy any securities, investment products, or investment advisory services.

This material may contain assumptions that are “forward-looking statements,” which are based on certain assumptions of future events. Actual events are difficult to predict and may differ from those assumed. There can be no assurance that forward-looking statements will materialize or that actual results will not be materially different from those described here. Past performance is no guarantee of future results. All investment portfolios carry risk, including the risk of loss. No assurances can be given that NorthStar will attain its investment objective or that an investor will not lose invested capital.

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Outside Investments are privately placed with various types of entities. Privately placed investments generally carry higher risk. Outside Investments are typically illiquid. More information on the risks of Outside Investments may be found in our ADV 2A brochure, located at: [https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd\\_iapd\\_Brochure.aspx?BRCHR\\_VRSN\\_ID=854692](https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=854692)

Additional information regarding NorthStar, including fees, expenses, and risks of investment, is contained in NorthStar’s investment advisory agreement, its Form ADV, Form CRS, and related disclosure documents and should be reviewed carefully. NorthStar’s ADV 2A and Form CRS can be accessed via <https://adviserinfo.sec.gov/>

# Appendix

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# NorthStar Global Equity Portfolio ESG Metrics – Q1 2024

FACTORS	METRICS	NORTHSTAR GLOBAL EQUITY	ISHARES CORE S&P 1500 ETF (SPTM)	ISHARES MSCI ACWI ETF (ACWI)
	Equity Holdings	40	1522	2338
ENVIRONMENTAL	Energy Intensity per Sales (MWh/1m USD sales)	159	442	421
	Greenhouse (Scope 1 & 2) Gas Intensity per Sales (mt/1m USD sales)	98	101	100
	Greenhouse (Scope 1, 2 & 3) Gas Intensity per Sales (mt/1m USD sales)	540	717	987
	Water Intensity per Sales (cbm/1m USD sales)	11k	22k	41k
	Bloomberg ESG Disclosure Score (%)	57%	58%	65%
SOCIAL & GOVERNANCE	Companies with 30% or More Women on Boards	83%	61%	72%
	Companies with 80% or More Board Independence	75%	77%	39%

Source: Bloomberg; The methodology has a five year look back period on each of the data items to normalize for inconsistent or periodic reporting