

# THE INVESTOR CASE FOR FAIR CHANCE EMPLOYMENT

## **COPYRIGHT**

Copyright © NorthStar Asset Management, Inc., 2023

Report authored by Mari Schwartzler, Director of Shareholder Activism & Engagement with assistance from Tenzing Tashishar, Investment Research Analyst, and Whitney Nguyen, Director of Impact Research.

All rights reserved.

No part of this document may be reproduced or used for any commercial manner without written permission of the copyright owner.

Publication date:  
November 3, 2023

## **ACKNOWLEDGEMENTS**

NorthStar greatly appreciates the wisdom and insights shared by our interviewees, including: Daniel Stinson, Jobrise; Michael Taylor, Center for Employment Opportunity; Andrew Glazier and Stephanie Struck, Defy Ventures; Jonathan Bonaiuto, Honest Jobs; Honorable Angel Kelley; Diane Barry, Assistant Chief Probation Officer, Plymouth Superior Court (and her team); Dant'e Cottingham, EXPO-Wisconsin; Ken Oliver and Amalia Bryant, Checkr.org.

# TABLE OF CONTENTS

## **Executive Summary**

Page 01

## **I: Introduction**

Page 02

## **II: The Problem**

Page 03

## **III: Fair Chance Employment as a Tool to Advance Racial and Economic Equity**

Page 06

## **IV: What Investors Can Do**

Page 09

## **V: Actions Companies Can Take**

Page 13

## **Appendix -- A Case Study**

Page 15

## **References**

Page 17

## **Disclosures**

Page 19

**“There comes a point where we need to stop just pulling people out of the river.**

**We need to go upstream and find out why they are falling in.”**

**DESMUND TUTU**

# EXECUTIVE SUMMARY

NorthStar Asset Management, Inc. is a socially responsible investment firm based in Boston that seeks to make social change through constructive shareholder engagement. In 2018, we released a research report related to prison labor in U.S. domestic supply chains of publicly traded corporations and our shareholder engagement on that issue. That work grew out of our acknowledgement that the U.S. economy was driven by the unpaid labor of enslaved people and continues to oppress Black and Brown people today, especially in the criminal legal system. As a result of our work on prison labor, it became clear to our firm that the criminal legal system is set up for people to fail and that corporations play a role in the system.

One in three Americans has been directly affected by the criminal legal system in the United States, meaning that they have conviction and/or incarceration records. The widespread bias against people with criminal records poses a risk to wealth building opportunities for those people and their families, the cohesion of communities, and the long-term value of companies that need those communities for hiring or its customers. This is especially true for people of color with criminal records who must face the stigma of having a criminal record while that stigma is then compounded by an enduring bias against Black and Brown people.

Reentry to society after incarceration is fraught with challenges. Even though many incarcerated people leave prison with technical skills, work experience,

and evidence of rehabilitation, the unemployment rate for people with criminal records is over 27% -- higher than the total U.S. unemployment rate during any historical period, including the Great Depression<sup>1</sup> and the COVID-19 pandemic. Despite a tight job market and the predicted skilled worker shortage by 2030, a Bureau of Justice study found that only 12.5% of U.S. employers were willing to consider hiring a person convicted of a felony.<sup>2</sup>

Investors should be aware of the potential for legal implications and costs if their investee companies discriminate against potential employees due to hits on a criminal background check. Not only do companies face brand name and headline risk when facing allegations of discrimination, but there are clear financial considerations in terms of settlement payouts and fines. Discrimination lawsuits can cost shareholders tens of millions of dollars, and damage overall morale and trust of the existing workforce.

This paper:

- Details our research on fair chance employment and our strategy on related company engagement;
- Lays out our arguments for fair chance employment as a solution to certain company and economy-wide problems;
- Describes why we encourage other investors to support our work; and
- Explains what we have identified through our expert interviews as best practices on fair chance employment.

# I: INTRODUCTION

NorthStar Asset Management, Inc. ("NorthStar") is a socially responsible investment firm based in Boston that is guided by our deeply held belief that the financial system is broken, that people are suffering, and that we can help our clients use their resources to create change. One of the many issues that NorthStar and our clients are passionate about is the avoidance of funding incarceration and the greater prison industrial complex which includes a desire to avoid any form of profiting from the incarceration of people in the U.S. or around the globe.

NorthStar's entry point into understanding the opaque and complex world of the prison industrial complex was through a multi-year research project and subsequent corporate engagements on prison labor. Beginning in 2015, we delved deeply into prison labor in the United States with the goal of identifying connections between the publicly traded companies in client portfolios with instances of prison labor in the U.S. From that research, we learned that people in prison make thousands of products and are contracted to perform services that generate financial gain for the prison system and the state, and often serve as a cheap labor source for privately held and publicly traded companies. Those companies use the arrangement to reduce overhead expenses and increase profits through these relationships with prisons. Throughout that research, we also kept in mind that as investors in a capitalist society, we inherently benefit financially from this system that was built by profits derived from slavery and that is integrally linked to continued oppression of people of color. Given our firm's commitment to clients to identify risk

and seek to make change at portfolio companies to mitigate that risk, NorthStar has engaged companies in our portfolio holdings that we believed could be exposed to prison labor in their supply chains. Throughout our engagements, few companies were willing to examine their supply chains for prison labor. One notable exception was our engagement at Costco Wholesale, a warehouse store company based in Issaquah, Washington. Costco, as a result of our shareholder engagement that was well-supported by shareholders, adopted a [Global Policy on Prison Labor](#) in 2018. You can learn more in our 2018 paper on prison labor: [Prison Labor in the United States: An Investor Perspective](#).

One in three Americans has been directly affected by the criminal legal system in the United States, meaning that they have conviction and/or incarceration records.<sup>3</sup> The systemic racism embedded in the criminal justice system and long-term bias against people with criminal records pose risks to communities as well as to the long-term value of companies that rely upon those communities for hiring employees or for their customer base. As a result of our work on prison labor and the associated economic benefits to the prison industrial complex, it became clear to our firm that the system is incentivized to keep people incarcerated and that recidivism is a likely outcome. We turned our focus to diminishing recidivism and increasing employment opportunities for justice-involved individuals.

With the understanding that U.S. publicly traded companies are some of the largest employers in the world, we directed our concerns to company management through dialogues on best practices

related to fair chance employment. Our goal was to link company success to the effective hiring of this talent pool. We contend that diminishing the bias related to people with criminal records will simultaneously ease labor shortage constraints, advance equality, and contribute to successful economic mobility. Companies that screen out too many potential hires due to criminal history may struggle to fill jobs, risking productivity and company value. Based in our goals of easing systemic racism and increasing economic equality, this report compiles two years of research and interviews with experts in the field and directly affected people along with the details of the rationale for our engagement strategy.

We entered this work knowing that many different stakeholders would be well-served through advancing proactive fair chance employment practices, and that, as described to us by one of our expert interviewees, "we need to change mindsets in the business community."

## II: THE PROBLEM

### BACKGROUND & HISTORY

While the topic of this paper is the modern concept of deliberate, planned, and proactive recruitment of people with criminal records, it is critical that we have a common understanding as to why such purposeful actions are necessary, and for that we must examine the history of racism in the U.S. and the associated over-incarceration of people of color.

After the Civil War ended and slavery was abolished in United States in 1865, wealthy businessmen suddenly lacked the key element that generated and supported their wealth: unpaid forced labor. Seeking to rebuild a free workforce and reinforce their preferred societal structure, white elites began by

successfully criminalizing many behaviors common at the time to Black people. The "Black Codes" were laws that served to incarcerate formerly enslaved people with harsh prison sentences.<sup>4</sup> For example, these codes specified what jobs Blacks could hold and the terms of employment, and other laws "unfairly penalized poor African Americans for crimes such as stealing a farm animal."<sup>5</sup> By the 1870s, "almost all of the people under criminal custody of the Southern states—a full 95 percent—were Black."<sup>6</sup> At that time, convict leasing programs were accelerated, leasing out the newly-Black prison population to private railways, mines, and plantation owners to rebuild the South, thereby securing free or very cheap labor.

For incarcerated people in the convict leasing program, working and living conditions were brutal given that "companies leasing convicts sought to house, clothe and feed them for minimal expense, with little interest in their survival. Justice-involved individuals were housed in rough board shanties unfit for the habitation of human beings. Torture and beatings were common, and countless individuals perished from abuse; poor and dangerous working conditions; communicable diseases, such as tuberculosis, malaria, and pneumonia; and from environmental conditions like contaminated water."<sup>7</sup> Meanwhile, the increased incarceration rates caused by the Black Codes perpetuated the harmful false narrative that Black people were less than fully human -- that they were criminals, unintelligent, and dangerous. This narrative laid the groundwork for an evolution to the modern criminal "justice" system in which Black people are still disproportionately affected by the system.

By the 21st century, "Black Americans [were] incarcerated in state prisons at nearly 5 times the rate of white Americans."<sup>8</sup> While the incarceration rate has declined slightly<sup>9</sup> in the past few years, the U.S. still incarcerates

more people than any other country in the world apart from China and ranks 6th worldwide in terms of incarceration rates per 100,000 people of population.<sup>10</sup> One significant factor in these consistently high incarceration rates is the U.S.'s high rate of recidivism – the rate at which someone released from prison is arrested for a subsequent crime. Data indicate that the recidivism rate for federal crimes is nearly 50% while state recidivism rates average around 68% for rearrests within the first three years after release from prison and increase to 83% by nine years post-release.<sup>11</sup>

As articulated by Michelle Alexander in her 2010 book The New Jim Crow, "It is no longer socially permissible to use race as a justification for discrimination, social contempt, and exclusion. Rather than rely on race, we use our criminal justice system to label people of color 'criminals' and then engage in all the practices we supposedly left behind. Today, it is perfectly legal to discriminate against criminals in nearly all the ways it was once legal to discriminate against African Americans – in employment, housing, voting, education, public benefits, and exclusion from jury service. We have not ended racial caste in America; we have merely redesigned it."<sup>12</sup>

In addition to persistent harm caused by embedded racism, reentry to society after incarceration is fraught with challenges. Some hurdles are experienced by all people with criminal records such as regulatory constraints (e.g., professional licensure exclusions), logistical challenges (e.g., transportation or lack of a driver's license), or persistent stigma (e.g., discrimination in housing or hiring). All these barriers to reentry to society diminish a person's chances of success and increase their likelihood of turning to illegal forms of revenue to support themselves and their family. Even though many incarcerated people leave prison with technical skills, work experience, and evidence of rehabilitation, the unemployment rate for

people with criminal records is over 27%, higher than the total U.S. unemployment rate during any historical period, including the Great Depression<sup>13</sup> and the COVID-19 pandemic. However, these hurdles can be amplified for people of color and women – members of groups who already face societal setbacks. One study found that formerly incarcerated Black women had the highest unemployment rate at 43.6%.<sup>14</sup>

## CURRENT STATE OF THE SYSTEM

Modern research and historical review have demonstrated that structural racism was a founding feature of and continues as a key component of the U.S. criminal justice system today. For example, renowned experts in prison policy reform, The Prison Policy Initiative, found that California's Three Strikes Law "disproportionately impacts African Americans and Latinos on a statewide basis... African Americans make up 6.5% of the population, but they make up nearly 30% of the prison population, 36% of second strikers, and 45% of third strikers."<sup>15</sup> Their research found the opposite to be true for white residents – they were underrepresented in the prison population as well in the second or third strikes category.

Nationwide, despite representing only 13% of the U.S. population, Black people comprise close to 40% of the prison population, leading to greater economic hardship for generations of families. The financial effects of incarceration are well documented: while any criminal conviction affects lifetime economic earning power, "people who have spent time in prison suffer the greatest losses, with their subsequent annual earnings reduced by an average of 52 percent."<sup>16</sup> Even after a person completes their prison sentence and returns to society, their lifetime earnings are depressed by their criminal conviction: "On average, formerly imprisoned people earn nearly half a million dollars less over their careers than they might have otherwise.



These losses are borne disproportionately by people already living in poverty, and they help perpetuate it.”<sup>17</sup> These issues further increase the racial wealth divide by hindering opportunities and wealth building. Even without considering the loss caused by incarceration, “the typical Black household had 12.7 percent of the wealth of the typical white household.”<sup>18</sup> The disruptive effects of incarceration continue to hold back Black families disproportionately compared to their white counterparts.

People impacted by the criminal legal system reenter the workforce with myriad challenges to finding a family-sustaining career. These can be obvious such as time constraints for meeting post-incarceration requirements like parole officer meetings, but others are less predictable like a person’s restrictions against using smart phones or a parent’s requirements to regain custody of children. Examples of these hurdles include:

- The need for flexible time to meet with parole officers or address other post-conviction requirements.
- Minimal savings or access to funds after leaving prison.
- Limits in educational achievement or access to education while in prison.
- Little to no mentoring or career advice on how to navigate job searches, applications, interviews, or résumé building.
- Restrictions on computer and smart phone use depending upon conviction.
- Employment gaps that cause jobseekers to be screened out in an initial application phase.
- Childcare challenges and housing insecurity.
- Bias, stigma, misperceptions, and fear throughout society and the workforce.
- 45,000 “collateral consequences” from incarceration that regulate and restrict the lives of people with arrest and incarceration records. These include limiting where they can work, what professional certifications and licenses

they may hold, where they can live, and in some states whether or not they can participate in voting in elections.<sup>19</sup>

One of our expert interviewees made a key point when he said that “directly impacted people have to re-live the worst mistake of their lives every time they interview for a new job.” He made us realize that while everyone makes mistakes, people with arrest records who face these undue burdens trying to get a life-sustaining job after their arrest or imprisonment are indirectly required to “pay” continually for their biggest mistake. Recognition of these unique obstacles is important, yet they are also reminders of the wide breadth of personal lived experiences and histories that fair chance jobseekers bring to the organization.

### EXISTING POLICIES AND PROGRAMS

In the past decade, more attention has been given to issues related to recidivism and the inequities of people returning to society with criminal histories. In 2015, President Obama’s White House launched the “Fair Chance Business Pledge” as a call-to-action for “businesses and higher education institutions to invest in their communities and eliminate unnecessary hiring barriers for individuals with criminal records.”<sup>20</sup> At the time, over one hundred educational institutions and businesses joined the pledge, including numerous major employers. Unfortunately, our research has shown that very little came of this pledge, particularly related to any efforts to go beyond the bare minimums discussed later in this paper. However, the pledge served as an important national effort and a starting point for organizations seeking to show support for fairer policies for people with criminal records.

Additionally, since 2017 various local and federal government agencies have observed “Second Chance Month” in April of each year. This is “a national awareness campaign to address the thousands of collateral consequences that come with having a criminal record.”<sup>21</sup> During this month, a groundswell of support

highlights the needs and benefits of fair chance jobseekers.

In terms of legislative efforts, we see some progress on the adoption of critical policies. Years of efforts by advocates have resulted in concrete change in job applications through the "Ban the Box" efforts. As of this writing, employers in 37 states, the District of Columbia, over 150 cities and counties are now subject to criminal background check laws that prohibit employers from requesting a potential employee's criminal history on a job application.<sup>22</sup> This step forward reduces opportunities for hiring managers and computer algorithms to eliminate jobseekers with criminal records during the earliest phases of the job application process. In 2019, the Fair Chance to Compete for Jobs Act (Fair Chance Act) was adopted, and went into effect in 2021, which expanded the "ban the box" effort to federal contractors as well. Through this act, employers are required to delay conducting background checks until after a conditional offer of employment is made. While critical, banning the box is only a first step if the company is not already delaying background checks, rather than what we consider to be a best practice proactive step for fair chance employment.

Finally, there are burgeoning corporate efforts to further fair chance/second chance employment opportunities. In particular, the Second Chance Business Coalition has emerged as a "cross-sector coalition of large private-sector firms committed to expanding second chance hiring and advancement practices within their companies."<sup>23</sup> While the level of commitment to proactive fair chance employment and creative solutions varies by company, several companies like Eaton and JP Morgan Chase have become known as strong proponents of the value that can be found in intentional hiring of people with criminal records.

### **III: FAIR CHANCE EMPLOYMENT AS A TOOL TO ADVANCE RACIAL AND ECONOMIC EQUITY**

#### **DEFINING FAIR CHANCE EMPLOYMENT**

Fair chance employment, also referred to as second chance employment or fair chance hiring, refers to a cluster of policies and actions that employers can adopt that provide opportunities to and focus on people who have arrest and/or incarceration histories. At NorthStar, we use the term "fair chance employment" because of the limiting connotation of "second chance" and the fact that "hiring" indicates only the first step in a career. We encourage companies to give applicants a fair chance and to consider how they will support fair chance hires throughout their employment at the company, not only at the time of hiring.

One simple definition is that fair chance employment is the intentional recruitment of people with arrest or incarceration records. Fair chance employment practices are proactive steps to overcome bias, discrimination, and unnecessary hurdles that are uniquely faced by people with criminal records who seek employment. Fair chance employment practices include but also go beyond "ban the box,"<sup>24</sup> 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 practices based upon the recognition that jobseekers with criminal records can be actively recruited and supported. We offer specific suggestions later in this paper based upon our interviews with experts and directly affected people.

Fair chance employment seeks to provide opportunities to formerly incarcerated jobseekers that they may not otherwise access due to conviction-related challenges. Certain modifications allow applicants with prior convictions to be fairly considered for a job without employers' criminal history biases and allow them to overcome, while other modifications adjust for technical or physical limitations. 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.

Occasionally during our corporate engagements, we have heard concerns about negligent hiring liability – fears that if the employer were to hire someone with a criminal record who then commits a new crime while at work, that the company would be held liable. While this is a legitimate concern for the hiring company's legal department, research indicates that it's not a very likely outcome and resources exist to help guide employers through successful fair chance employment practices that also reduce risk of this liability. As described in a new Legal Action Center report, "employers who conduct record checks and thorough background screens that also include employment history, skills, and job-relevant competencies when making hiring decisions are rarely held liable" and that "for the vast majority of jobs, including office and factory jobs, there is very little risk of liability from negligent hiring."<sup>25</sup> A necessary factor in any review of a criminal conviction history is careful determination regarding whether the nature of the jobseeker's conviction, the time since the incident(s),

and the nature of rehabilitation make that person suitable or unsuitable for a particular role. Developing fair chance employment practices is not the time to pigeonhole any potential employee based solely upon the nature of their conviction.

Last, but not least, one of our expert interviewees impressed upon us the critical nature of disclosure and honesty when hiring someone with a criminal record, even if it means expressly excluding certain criminal convictions due to legitimate reasons: "Because of legalities of it, [hiring managers] won't come out and say they won't hire people with criminal backgrounds, but then there are no specifics on why someone isn't hired. Companies need to be specific. Be direct. There should be no gray areas."

#### **WHY COMPANIES SHOULD PURSUE FAIR CHANCE EMPLOYMENT**

On a society-wide scale, the cost of recidivism – the potential ramification of not being able to find lawful income sources – on the U.S. economy is an estimated \$65 billion annually. The unemployment rate for formerly incarcerated people figured at over 27% – "higher than the total U.S. unemployment rate during any historical period, including the Great Depression."<sup>26</sup> One estimate of the benefits of finding jobs for formerly incarcerated people cites that for every 100 formerly incarcerated people employed, the U.S. gains \$1.9 million in income taxes and \$770,000 in sales tax.<sup>27</sup> These figures are staggering, especially when we consider that people, in general, are eager to attain and maintain stable employment and feel fulfilled by their work. In turn, we believe that publicly traded companies will see direct benefits to their bottom line, such as:

- Research shows that fair chance employees may outperform their peers who do not have a criminal record. Formerly incarcerated people want to work, are motivated and loyal, and seek stability in their lives.<sup>28</sup> Case

studies show that formerly incarcerated employees can have less turnover, fewer policy and behavioral violations, have longer tenures, and are less likely to quit.<sup>29</sup> Better retention rates and lower costs related to hiring new staff regularly are important financial benefits that fair chance employers report experiencing.

- **The U.S. is facing an oncoming labor shortage** due to a lack of skilled workers as well as declining population statistics. With fewer expected births and aging generations, the U.S. needs to identify wider talent pools. Formerly incarcerated people comprise an underutilized candidate pool for hiring and training to fill the coming labor shortage.
- Because the criminal legal system is disproportionately skewed against people of color, **this work is inherently a DEI (diversity, equity, and inclusion) issue**. Any company with a public commitment to racial equity, racial justice, or diversity can look to fair chance employment as a necessary and beneficial part of that work and will show evidence of its commitment. In addition to DEI commitments, most companies need to improve diversity statistics within their workforce, especially at the leadership levels. Numerous research studies have demonstrated the value-add of increasing diversity in management, and one key way of opening the pipeline to management is to diversify the workforce.

### **LINKS BETWEEN FAIR CHANCE EMPLOYMENT AND THE BROKEN RUNGS OF THE CORPORATE LADDER**

We exist in a racist society and that existence inherently means that structural racism will seep into everyday life and work. This is not meant to shame, but rather to encourage acknowledgement

that every person can push back against this seepage in small and, sometimes, large ways. The first step towards considering racial equity in any work is acknowledging that structural racism presents itself in often overlooked ways. We have described one blunt instrument of racism so far – oblique discrimination in hiring and in the criminal justice system – however, we must recognize the many ways that racism shows up in corporate culture that may feed into discrimination against people of color and those with criminal records.

We can imagine that a formerly incarcerated person, especially someone who is not from the dominant (i.e., white) racial background or culture, may have difficulties understanding and meeting the expectations of corporate culture. Corporate expectations that employees often take for granted, including expectations around attire, timeliness, reporting to managers on milestones, and asking questions, are learned behaviors that employees have gleaned or been expressly taught during formal education, internships, and different career roles. Individuals who have not been exposed to these teachings or had prior recent employment experiences will need to navigate these unclear waters with far fewer tools than counterparts without criminal records.

The concept that many people with criminal records, especially those who served long sentences, may confront additional obstacles due to limited employment experiences is inspired by the Broken Rung Theory.<sup>30</sup> Broken Rung describes the idea that the corporate ladder is more structurally sound for some people, while others face broken steps on that ladder to success. The term was coined in reference to experiences of women in the workplace but we believe it can be applied to people of color and those with criminal histories. For some employees, the rungs of the corporate ladder include access to college degree

programs, career coaching, training programs, mentors who are experienced in the industry and navigating corporate life, and sponsorship for promotion. Before employment, "strong ladder rungs" would include knowledge about where to find open job positions, ability to identify fair chance-friendly employers, knowledge about or experience in how to adhere to professionalism standards, and how to write a compelling résumé. The Prison Policy Institute tells us that "more than half [of formerly incarcerated people] hold only a high school diploma or GED, and a quarter hold no credential at all."<sup>31</sup> Therefore, for many people with criminal records, those corporate ladder rungs will be broken or nonexistent.

When done well, fair chance employment practices aim to repair those broken rungs. Companies using proactive fair chance employment practices recognize the fact that people with criminal records will likely not have access to the same toolkit and knowledge base that non-fair chance jobseekers may have. By considering how to revise recruitment techniques and internal support structures to better serve fair chance jobseekers, companies can both widen their pool of suitable applicants and work towards undermining the effects of structural racism in corporate culture.

When a company centers racial equity in the creation of programs that can improve economic mobility it broadens its workforce pipeline while also ensuring that its programs do not further oppress the groups of people it intends to support.

When conceptualizing fair chance employment programs, it is vital to actively consider how race and racism may factor into outcomes. Project managers should prioritize issues such as:

- Choosing apprenticeship or internship locations where communities have higher percentages of Black and Brown residents.

- At program initiation, anonymize hiring data and collect demographics of applicants and successful vs. unsuccessful applicants.
- Examine these data at regular intervals to verify racial equity in hiring and develop a plan to examine the data at regular intervals going forward to maintain racial equity in career paths for fair chance hires.
- When executing internal DEI training, name the biases and debunk stereotypes about fair chance employment, especially as it relates to Black and Brown jobseekers.

## IV: WHAT INVESTORS CAN DO

### SHAREHOLDER ENGAGEMENT: PROMOTING RACIAL & ECONOMIC JUSTICE AND AVOIDING SYSTEMIC RISK

In aggregate, Fortune 500 companies employ 28.7 million people worldwide and represent two-thirds of the U.S. GDP. The volume of hiring and employment decisions by major companies offers an important opportunity to reduce disparities – to recruit in ways that will benefit jobseekers and also the company and economy. Major companies have the resources and the labor needs to identify innovative ways to pursue fair chance employment, which we discuss below.

Despite a tight job market and the predicted skilled worker shortage by 2030, a Bureau of Justice study that found that only 12.5% of U.S. employers were willing to consider hiring a person convicted of a felony.<sup>32</sup> As a result, millions of people who want to work are omitted by company hiring practices. These omissions can come in the form of initial background checks to screen out jobseekers early in the process, poor review processes for background checks, or bias on the part of the hiring manager. Companies want to loosen the job market,

and jobseekers want a fair chance at a life-sustaining career. Fair chance employment can help solve both issues.

Investors in public companies, through their rights as shareholders, can directly engage their investee companies to push for change. Shareholder engagement can press companies to focus on hiring, training, retaining, and promoting people with criminal records through concrete action that will also work towards their own diversity goals and fill increasing deficits in labor pools. Shareholders can write to their investee companies to begin a dialogue on these issues – asking questions and providing feedback – but they can also make use of their rights through the Shareholder Proposal Rule governed by the Securities and Exchange Commission (SEC). Under this rule,<sup>33</sup> investors can file a document called a shareholder proposal directly with the investee company. The shareholder proposal makes a specific request of the company in writing and can often initiate an active dialogue with the company that may result in concrete change. At NorthStar, we find this method of engagement to be particularly productive as it allows the shareholder to use their leverage as owners of the company – emphasizing that our engagement is driven by the desire to encourage change in a way that benefits all stakeholders, including shareholders themselves.

### **WHICH COMPANIES CAN HAVE THE GREATEST POSITIVE EFFECT?**

In our research, we found two different theories of how our expert interviewees recommended that we prioritize our engagements by industry or company. Some interviewees recommended the “ABC” method – “any job, better job, career” – meaning that when people are released from prison, they must first find any job that can provide income and help them transition, then they can consider switching to a better job, before finally landing a career path job. Other experts we spoke to highlighted the critical need

for companies to focus on family-sustaining career paths for all employees, but especially jobseekers who have recently been released from prison.

Research shows that “people who enter the criminal justice system are overwhelmingly poor. Two-thirds detained in jails report annual incomes under \$12,000 prior to arrest.”<sup>34</sup> And we know that incarceration deepens poverty by hampering lifetime earnings, cutting off critical opportunities for skill-building, and forcing people to pay criminal debt, fees, and fines. For these reasons and in the interest of reducing recidivism, NorthStar opted to follow recommendations from our expert interviewers who encouraged us to focus our strategy on high-growth sectors known for livable wages and growth opportunities. Specifically, we seek engagement opportunities within our client portfolios at companies that:

- Provide fair, family-sustaining wages for employees at all levels;
- Offer training and development opportunities with upward mobility and increased responsibility over time;
- Potentially have unionized roles to protect employees;
- Have respectful employee policies.

When considering engagement targets, we are cautious of sectors and companies that routinely pay below minimum wage, use a subcontractor workforce, or may assign fair chance jobseekers to seasonal work. For example, industries like retail and food service are known for paying subminimum wages, requiring irregular schedules, and offering limited promotion opportunities. Oxfam, an international nonprofit seeking to end poverty, reinforces these assumptions with their repeated reports that grocery retailers deepen economic inequality through charging high prices but paying low wages.<sup>35</sup>

With these priorities in mind, our firm has found two specific sectors to be particularly well-suited to welcome fair

chance jobseekers and allow them to flourish:

- **Manufacturing** companies often offer a living wage, training programs, promotion opportunities, unionized jobs, and roles that promote significant skill-building. Additionally, economists predict a dramatic shortage of skilled labor by 2030 in this sector, so there are clear benefits to companies for proactive efforts in recruitment.
- **Technology** companies are expected to continue to grow and, in most cases, already have apprenticeship programs that can be easily adapted. Combined with their fair wages and opportunities for personal and professional growth, companies in this sector can benefit from increased diversity and a larger labor pool.

#### WHY INVESTORS SHOULD CARE

Fiduciaries are investors who, by the nature of the system and the economy, benefit from its structural inequities, but also who will find benefit by recognizing that these structures generate risk to client portfolios long-term. As we have alluded to, a Deloitte study predicted that by 2030, the U.S. will face a dramatic shortage of skilled labor, resulting in 2.1 million manufacturing jobs going unfilled.<sup>36</sup> If left to occur, this level of shortage may cause systemic disruption that will surely affect company value and community resilience. That study indicates that "leaving the open jobs unfilled in manufacturing could bring a potential negative impact to the US economy of more than US\$1 trillion by 2030 alone." However, it also identified a "bright spot" in that "diversity, equity and inclusion (DEI) initiatives exert a growing influence on workforce trends and can help manufacturers fill these empty jobs."<sup>37</sup>

Going beyond manufacturing, a Korn Ferry study found that "by 2030 more than 85 million jobs could go unfilled because there aren't enough skilled people to take

them."<sup>38</sup> Technology firms will feel the talent crunch as well. The Korn Ferry study predicts that "in tech alone, the US could lose out on \$162 billion worth of revenues annually unless it finds more high-tech workers." While some of the reasons indicated in these studies include generational retirement and changing expectations on the nature of work and benefits, a key theme is the simple need to ramp up hiring and training of skilled labor before the end of this decade. Carving new pipelines for talent now is a critical tool to avoid disastrous labor shortages in just a handful of years.

Additionally, investors should be aware of potential legal implications and costs if their investee companies discriminate against potential employees due to hits on a criminal background check. Earlier in this paper, we described the Fair Chance Act (FCA) that extended the ban-the-box movement to federal contractors. Already, we have seen class action lawsuits against employers for breaching state or federal regulations on this issue. In 2021, a class action complaint was filed claiming that FedEx violated the NYC Human Rights Law, specifically an FCA component. In 2019, Macy's faced a class-action lawsuit and allegations of discrimination against job applicants and employees with criminal records. In a settlement, Macy's was required to pay \$1.8 million and make multiple changes to its background check processes, including hiring a consultant to review its procedures.

Yet another potential legal risk comes from the inherently racist nature of the criminal legal system. Understanding the disproportionate effects on Black and Brown people, in 2021, the U.S. Equal Employment Opportunity Commission (EEOC) issued Enforcement Guidance for Title VII of the Civil Rights Act of 1964 that updates its policies regarding criminal conviction discrimination. This Guidance refers to data on the fact that "African Americans and Hispanics are arrested at a rate that is 2 to 3 times their proportion of the general population" and it also notes

that “Inational data supports a finding that criminal record exclusions have a disparate impact based on race and national origin.” One of our interviewees reinforced this risk from the perspective of a hiring manager: “Background checks tell you almost nothing about the person. Treat the jobseekers as humans. Find out what they've learned about themselves.”

Not only do companies face brand name and headline risk through these allegations, but there are clear financial considerations in terms of settlement payouts and fines. Discrimination lawsuits can cost shareholders tens of millions of dollars, plus attorney's fees, and damage overall morale and trust of the existing workforce. Increased use of generative AI will likely escalate the frequency of these violations as hiring managers find new ways to use the technology for lessening workloads in screening applicants. With increased violations will come greater litigation and reputational risk.

Investors can engage with the companies in their portfolios, using this report as a guide, to press those investee companies to examine their fair chance employment practices (or lack thereof). Through these engagements, investors may protect share value while improving economic mobility for people with criminal records.

#### WHAT EXAMPLES OF SUCCESS EXIST?

As the various risks (of failing to do proactive fair chance employment) and benefits (of hiring motivated, talented fair chance staff) have become clearer, early leader organizations have stepped forward to share their successes, learnings, and messages about why they continue to be committed to inclusive hiring practices. Several examples of success are described below:

- Dave's Killer Bread, a manufacturer of organic bread that is now owned by Flowers Foods, is a well-established fair chance employer. According to a 2015 study by Portland State

University that compared employees at Dave's Killer Bread over a three-year-period, people with criminal backgrounds outperformed those without in three categories: attendance, policy, and behavioral violations. Employees with a criminal background were also promoted faster.<sup>39</sup>

- Nehemiah Manufacturing, a Cincinnati-based manufacturer of consumer goods, has become an enthusiastic second chance employer in part due to the success of its second chance hires. Eighty to eighty-five percent of its workforce is comprised of second chance employees and the company reports a low 15% turnover rate (far below the industry average).<sup>40</sup> Nehemiah “attests that their hard-to-hire employees who appreciate the second chance become their most loyal and hard-working employees.”<sup>41</sup>
- JPMorgan Chase & Co., a large multinational bank headquartered in the U.S. and a leader of the Second Chance Business Coalition, has increased its recruitment strategy to hire more people with criminal records. JPMorgan reports that as a result of its efforts on fair chance hiring, “in 2020, over 2,100 people with criminal backgrounds were hired – approximately 10 percent of JPMorgan Chase's new hires in the U.S.”<sup>42</sup>
- Johns Hopkins Health reported in 2019 that of the “2,292 candidates with criminal histories hired over the last six years at Johns Hopkins Health, only one ended up being a problematic termination.”<sup>43</sup> Furthermore, Johns Hopkins “conducted a study of 79 employees with more serious criminal records for 3-6 years after their hiring date. At the end of the study period 73 individuals were still employed and only one was fired.”<sup>44</sup>
- Next Chapter, a nonprofit organization first founded by the Slack arm of Salesforce but now housed at the organization Tides, succeeded at bringing more than a dozen major employers as hiring partners. Next Chapter provides technical training and



personal development including hands-on learning, one-on-one coaching, and mentoring to fair chance apprentices to ensure that they are “well-prepared to succeed in the tech industry and make valuable contributions to their future employers.”<sup>45</sup> Next Chapter's hiring partners include successful international companies like Zoom, Slack, PayPal, Dropbox, and Block.

Again, one of our expert interviewees imparted key wisdom that may explain some of the success of these companies. When discussing whether a hiring company should be inherently concerned about people with violent crimes in their history or those with long incarcerations, we were told: “You want the person who was convicted for 20 to life and paroled out. That is absolutely who you want. They had to work incredibly hard to convince the parole board that they are ready.”

## V: SPECIFIC ACTIONS COMPANIES CAN TAKE

A key piece of advice came from one of our expert interviewees who explained that “we need companies to see people coming out of prison as more than just low-skilled manual labor or people who are uneducated and unskilled. People come home with wide variety of skillsets.” Being open to hiring someone with a conviction record is only the beginning of a company's fair chance employment process. Best practice fair chance employment includes proactive steps like hosting job fairs, educating staff, connecting with local prisons, and creating apprenticeship programs that can lead to hiring later on. Through nearly two years of interviews with experts throughout the field of fair chance employment from nonprofit leaders and parole officers to business owners and directly affected people themselves, our

firm was able to aggregate certain best practices that begin with first steps and can help a company develop a hiring and retention program that suits its needs as well as those of the jobseekers. Each company's own roadmap to fair chance employment best practices will be unique, but can include:

- **Eliminating Bias in Applications:** Remove any questions on employment applications that ask about criminal histories and delay background checks until after a contingent offer is made. Note: these actions help reduce initial bias but do not consider any special needs or considerations that apply to people who face the barriers to employment from criminal legal involvement. Consider these only the first steps.
- **Reducing Barriers to Apply:** Reduce technical barriers like requirements to use a computer to apply for a position given the knowledge that some people are legally unable to use a smart phone or computer after release from prison. Offer opportunities for people to apply in person or by paper application. Think about how generative artificial intelligence (gen AI) features of the company's application process may hinder fair chance applicants. Not only may AI unnecessarily weed out people with employment gaps, but we should keep in mind how dramatically technology has shifted in recent years. Someone who has been in prison may not be as comfortable with asynchronous interviews or crafty résumé techniques that weave around AI roadblocks. When engaging with portfolio companies, we encourage them to consider how many fair chance applicants may be automatically rejected or discouraged due to these systems.
- **Intentionally Lessening Stigma Among the Existing Workforce:** Reducing stigma and fear towards formerly incarcerated people throughout the workforce helps socialize the issue by making it less taboo and frightening.

Have frank conversations that get at stigma and fear, especially around "hot button" issues like people with violent convictions in their past. Address where the fear comes from and normalize the fact that prior history of a crime does not mean a repeat offense will happen.

- **Partnering with Experts:** Partner with community organizations that support returning citizens and can provide expert advice on what resources jobseekers need and how to recruit them. These relationships can help companies understand how to best support this population and ensure positive long-term outcomes for the employees and their productivity.
- **Creating Internships and Apprenticeships:** Identify ways to create apprenticeships, potential 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.
- **Targeting Fair Chance Jobseekers as a Valuable Talent Pool:** Develop and host job fairs in partnership with other companies and local advocacy organizations to target recruitment from the second chance population.
- **Committing to Best Practice Record Reviews:** Not all criminal convictions are equal. Employers should eliminate blanket exclusions for certain crimes. Staff that review records need proper training, and applicants always need ample time and space to explain their story and their rehabilitation efforts. Look into the "Nature-Time-Nature Test"<sup>46</sup> for a best practice technique for these reviews. Standardize a process for the applicant to escalate an appeal if the applicant is not offered a position.
- **Advocating for Regulatory Improvements:** Companies can engage policymakers on reducing barriers to employment such as relieving restrictive licensing for

certain roles or the financial burdens of regaining driver's licenses or high legal fees. For example, in addition to immediate post-release financial costs, incarcerated people or their families are also responsible for paying an average of \$13,000 in legal fees, restitution, and fines.<sup>47</sup> Some people report much higher fees – over \$20,000 – that can double or triple overtime despite paying minimum monthly payments.

- **Being Specific:** If a company needs to have exclusions of specific crimes, be explicit and upfront – no gray areas – and demonstrate why those specific convictions must be excluded from the job search.
- **Setting Goals and Tracking Progress:** Companies are encouraged to set a goal for increasing the second chance employment workforce and, in a confidential way, track how many applicants have criminal records as well as the racial and ethnic makeup of those applicants to ensure racial equity.

## PRIORITIZE PEOPLE

In pursuit of genuine fair chance employment practices that benefit the company's bottom line, shareholder value, and the well-being of jobseekers and their communities, we believe that prioritizing people is key. Employees remain the lifeblood of every company and the backbone of protecting and increasing shareholder value. During engagement with a portfolio company, we press companies for policies that are open-minded, flexible, and jobseeker-centric. We discourage shortcuts and encourage the employer to critically examine why they have hesitations and whether those concerns are based upon facts and data or just embedded bias and stigma. In our interviews with experts, fair chance business owners, and directly affected people, the most critical theme was the need to "change hearts and minds." Shareholders can use their status as part-owners of the company to move this mission forward.

## APPENDIX A: CASE STUDY

### CASE STUDY: XYLEM Example of a Successful Shareholder Engagement

Xylem is a publicly traded water technology manufacturing company based in Washington, DC, USA. Serving more than 150 countries with annual revenue of over \$5 billion, Xylem aims 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. A copy of our proposal is found on the following page.

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. Key features of this plan include:

- Collaboration with a consultant specialist to advise on program creation.
- Review of human resources practices to update and improve with the goal to eliminating any barriers for those with criminal convictions.
- Collaboration with local fair chance employment partners on vetting, training, support, retention, and success of jobseekers.
- Education and coaching of both existing employees and fair chance jobseekers.
- Confidential collection of data to track applicants of the program to demonstrate outcomes by race/ethnicity and gender and to evaluate success in recruitment, retention and advancement of fair chance candidates.

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 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 year.

Xylem has begun to socialize the issue at its pilot locations and is preparing other communication strategies to celebrate the program. Xylem continues to work on other priorities such as potential revisions and clarifications to the company's external messaging and nondiscrimination policy.

# APPENDIX A: CASE STUDY

## CASE STUDY: XYLEM Text of the Shareholder Proposal

### Eliminating Discrimination through Inclusive Hiring

**WHEREAS:** In recent decades, U.S. incarceration rates have skyrocketed, and Black and Brown people are incarcerated more often and for harsher sentences than White people.<sup>48</sup> People with arrest or incarceration records face enduring stigma that negatively impacts employment opportunities; People with arrest or incarceration records face enduring stigma that negatively impacts employment opportunities;

However, fair chance employment (actively recruiting people with criminal records) can benefit companies, communities, and the economy. The tight labor market means that employers must "not only rewrite the hiring and retention playbook" but also cast a wider net by diversifying the talent pool;

At the same time, companies strive to fulfill racial equity commitments. Given the disproportionately high incarceration rates of Black and Brown people in the U.S. and case study evidence that formerly incarcerated employees can have lower turnover and better attendance and disciplinary records compared to their peers without criminal records, recruiting fair chance employees can help ease labor market constraints while also advancing racial equity goals;

Fair chance employment best practices include:

- Resolving technical barriers like algorithmic elimination of applicants with employment gaps;
- Creating internship and training programs with direct hire potential;
- Hosting job fairs targeting fair chance jobseekers;
- Removing blanket exclusions on specific crimes beyond legal requirements;
- Ensuring that reviewers are trained in properly reading criminal records and using best practice standards for individualized reviews;
- Partnering with advocacy organizations that specialize in job preparation, entrepreneurship, in-prison education, and/or career pathways for incarcerated people;
- Routinely examining anonymized data on fair chance hires to ensure racial and gender equity;
- Destigmatizing the issue of criminal records throughout the entire workforce;
- Creating employee support structures specifically for justice-involved individuals;

Fair chance employers are not blind to criminal records – hiring managers still perform background checks and consider suitability – but these employers commit to fairer hiring practices that consider the effects of stigma and bias against people with criminal records;

Excluding qualified individuals because of criminal records could harm the company's competitive advantage and reputation. Because people with criminal records are statistically more likely to be Black or Brown, there is an inherent risk that people's status as formerly incarcerated may serve as a proxy for race and therefore pose a risk impermissible discrimination as if recruiting practices otherwise present as blind to race and ethnicity;

Shareholders believe that company value would be well-served by examining whether revisions to company practices related to recruiting formerly incarcerated individuals could decrease future risks related to discriminatory hiring.

**RESOLVED:** 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 Xylem'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.

## REFERENCES

1. <https://www.prisonpolicy.org/reports/outofwork>
2. <https://wbhm.org/2014/life-after-prison-ex-felons-often-struggle-to-find-a-job/>
3. <https://www.sentencingproject.org/app/uploads/2022/08/Americans-with-Criminal-Records-Poverty-and-Opportunity-Profile.pdf>
4. <https://eji.org/news/history-racial-injustice-convict-leasing/>
5. <https://www.pbs.org/tpt/slavery-by-another-name/themes/black-codes-and-pig-laws/>
6. <https://www.vera.org/reimagining-prison-web-report/american-history-race-and-prison>
7. [https://blogs.loc.gov/inside\\_adams/2021/06/convict-leasing-system/](https://blogs.loc.gov/inside_adams/2021/06/convict-leasing-system/)
8. <https://www.sentencingproject.org/reports/the-color-of-justice-racial-and-ethnic-disparity-in-state-prisons-the-sentencing-project/>
9. <https://www.ojp.gov/files/archives/pressreleases/2022/us-jail-population-increased-while-prison-population-decreased-2021#>
10. [https://cops.usdoj.gov/html/dispatch/04-2022/reintegration\\_resources.html](https://cops.usdoj.gov/html/dispatch/04-2022/reintegration_resources.html)
11. [https://cops.usdoj.gov/html/dispatch/04-2022/reintegration\\_resources.html](https://cops.usdoj.gov/html/dispatch/04-2022/reintegration_resources.html)
12. Alexander, Michelle, author. *The New Jim Crow: Mass Incarceration in the Age of Colorblindness*. New York: New Press, 2010.
13. <https://www.prisonpolicy.org/reports/outofwork.html>
14. <https://iei.ncsu.edu/2023/05/22/the-employment-of-justice-involved-persons>
15. [https://www.prisonpolicy.org/scans/jpi/Racial\\_Divide.pdf](https://www.prisonpolicy.org/scans/jpi/Racial_Divide.pdf)
16. <https://www.brennancenter.org/our-work/research-reports/conviction-imprisonment-and-lost-earnings-how-involvement-criminal>
17. <https://www.brennancenter.org/our-work/research-reports/conviction-imprisonment-and-lost-earnings-how-involvement-criminal>
18. <https://www.americanprogress.org/article/eliminating-black-white-wealth-gap-generational-challenge/>
19. <https://www.brennancenter.org/our-work/analysis-opinion/collateral-consequences-and-enduring-nature-punishment>
20. <https://obamawhitehouse.archives.gov/issues/criminal-justice/fair-chance-pledge>
21. <https://daily.jstor.org/second-chance-month-new-awareness-of-an-old-issue/>
22. <https://www.cj.com/ban-the-box-fair-chance-act-what-employers-need-to-know-about-criminal-background-checks/>
23. <https://secondchancebusinesscoalition.org/>
24. "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/>

## REFERENCES, CONTINUED

25. Maltby, Lewis and Douglas, Roberta Meyers. "Second Chance Employment: Addressing Concerns About Negligent Hiring Liability." Legal Action Center and National Workrights Institute, July 2023, <https://www.lac.org/resource/second-chance-employment-report>
26. <https://www.prisonpolicy.org/reports/outofwork.html>
27. <https://s27147.pcdn.co/wp-content/uploads/Business-Case-Fair-Chance-Employment.pdf>
28. <https://www.prisonpolicy.org/reports/outofwork.html>
29. [https://www.uschamber.com/assets/archived/images/uscc\\_business\\_case\\_for\\_cj-second\\_chance\\_hiring\\_report\\_aug2021.pdf](https://www.uschamber.com/assets/archived/images/uscc_business_case_for_cj-second_chance_hiring_report_aug2021.pdf)
30. <https://emeritus.org/blog/leadership-broken-rung>
31. <https://www.prisonpolicy.org/reports/education.html>
32. <https://wbhm.org/2014/life-after-prison-ex-felons-often-struggle-to-find-a-job/>
33. <https://www.sec.gov/divisions/corpfin/rule-14a-8.pdf>
34. [https://www.masslegalservices.org/system/files/library/The\\_Relationship\\_between\\_Poverty\\_and\\_Mass\\_Incarceration.pdf](https://www.masslegalservices.org/system/files/library/The_Relationship_between_Poverty_and_Mass_Incarceration.pdf)
35. <https://www.oxfam.org/en/tags/behind-price>
36. <https://www2.deloitte.com/us/en/insights/industry/manufacturing/manufacturing-industry-diversity.html>
37. <https://www.nam.org/2-1-million-manufacturing-jobs-could-go-unfilled-by-2030-13743/?stream=workforce>
38. <https://www.kornferry.com/insights/this-week-in-leadership/talent-crunch-future-of-work>
39. <https://www.honestjobs.co/post/myth-hiring-people-with-criminal-records-will-result-in-underperformance>
40. <https://www.greaterohio.org/good-ideas/nehemiah-industries>
41. <https://www.greaterohio.org/good-ideas/nehemiah-industries>
42. <https://www.jpmorganchase.com/news-stories/jpmc-expands-second-chance-hiring-efforts-in-columbus>
43. <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/hiring-people-with-criminal-backgrounds-is-easier-than-you-think.aspx>
44. <https://www.ilr.cornell.edu/work-and-coronavirus/employer-best-practices/9-myths-about-hiring-people-criminal-records>
45. <https://www.nextchapterproject.org/employers>
46. <https://checkr.com/blog/nature-time-nature-3-steps-to-follow-when-making-challenging-hiring-decisions>
47. <https://www.themarshallproject.org/2019/12/17/the-hidden-cost-of-incarceration>
48. <https://www.sentencingproject.org/publications/un-report-on-racial-disparities/>

## DISCLOSURES

NorthStar Asset Management, Inc. is an SEC registered investment advisor.

For informational purposes only.  
Information valid as of date of publication.

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.

This document is only intended for clients and interested investors residing in states and countries in which NorthStar is qualified to provide investment advisory services.

Please contact us at (617) 522-2635 to find out if the investment advisor is qualified to provide investment advisory services in the state where you reside or refer to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

NorthStar does not attempt to furnish personalized investment advice or services through this document or our website.

Past performance is no guarantee of future results.

P.O. Box 301840  
Boston MA 02130  
617-522-2635  
[www.northstarasset.com](http://www.northstarasset.com)