

# NORTHSTAR

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## ASSET MANAGEMENT

### Proxy Voting Policies and Procedures

NorthStar Asset Management ("NorthStar") recognizes that the act of managing assets of clients consisting of common stock can include the voting of proxies related to the stock. Where a client has delegated the power to vote proxies in his or her account, NorthStar will vote the proxies in a manner that is in the best interests of the client. NorthStar's bias is to hold securities of companies in which we have confidence in the management team. Until this favorable attitude changes, NorthStar will usually support management proposals. Should our position change, we make every effort to eliminate all shares of such companies from our portfolios.

### Proxy Voting

#### Proxy Voting Responsibility

At the inception of each investment adviser-client relationship, NorthStar shall establish whether the client or NorthStar is responsible for voting proxies in the following document(s):

- Client's investment management agreement; or
- Separate agreement between client and NorthStar authorizing NorthStar to vote client's proxies.

#### Client Responsibility to Vote Proxies

If NorthStar receives proxies related to a client's securities and NorthStar is not responsible for voting such proxies, NorthStar shall plan with the client's custodian or take such other steps needed to ensure that the client timely receives such proxies.

#### Firm Responsibility to Vote Proxies

Unless the power to vote proxies for a client is reserved to that client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries), NorthStar is responsible for voting the proxies related to that account.

#### Proxy Voting Responsibility Monitoring

The individual responsible shall maintain, or cause to be maintained, a log or record that lists those clients where NorthStar exercises/exercised proxy voting authority and those clients where NorthStar does not have such authority.

#### Third Party Proxy Advisory Firm Voting

[SEC Rule 204-2(c)(2)]

For all clients for whom NorthStar has authority to vote proxies, NorthStar may delegate the power to vote proxies to a third-party company (the "Third Party Proxy Advisory Firm"). Where NorthStar has delegated the power to vote proxies related to client accounts to a Third-Party Proxy Advisory Firm, it shall ensure that:

- All proxies and ballots received by NorthStar will be forwarded to Third Party Proxy Advisory Firm;

- Third Party Proxy Advisory Firm represents that it will verify whether its voting power is subject to any limitations or guidelines issued by the client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries);
- Third Party Proxy Advisory Firm represents that it will verify whether an actual or potential conflict of interest with NorthStar or the Third-Party Proxy Advisory Firm exists in connection with the subject proposal(s) to be voted upon and notify NorthStar;
- Third Party Proxy Advisory Firm will promptly vote proxies received in a manner consistent with the Proxy Voting Policies and Procedures that it has provided to NorthStar and guidelines (if any) issued by client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries if such guidelines are consistent with ERISA);
- In accordance with SEC Rule 204-2(c)(2), as amended, Third Party Proxy Advisory Firm shall retain in the required proxy voting related documents for the respective clients; and
- Third Party Proxy Advisory Firm will provide reports to NorthStar containing records of votes cast and other relevant information.

**Note that NorthStar is not currently engaged with any third-party firms to evaluate and vote client proxies.**

### **Proxy Voting Guidelines**

NorthStar shall vote proxies related to securities held by any client in a manner solely in the best interests of the client. Specifically, NorthStar has adopted the following voting guidelines:

#### Election of Directors

In analyzing directors and boards, our guidelines generally support the election of incumbent directors except when most of the company's directors are not independent in which case NorthStar will vote for independent directors.

#### Auditor

Absent any mitigating factors, our guidelines will generally support auditor ratification.

#### Compensation

Our guidelines evaluate equity compensation plans based upon their specific features and will vote against plans we believe would decrease shareholder value or allow the repricing of options without shareholder approval]. The guidelines will follow the general Glass Lewis recommendation when voting on management advisory votes on compensation ("say-on-pay") and on executive compensation arrangements in connection with merger transactions (i.e., golden parachutes). Further, the guidelines will follow the Glass Lewis recommendation when voting on the preferred frequency of advisory compensation votes.

#### Authorized Shares

The guidelines will not approve the creation of a large pool of unallocated shares without some rationale of the purpose of such shares. The guidelines also vote against the creation of or increase in (i) blank check preferred shares and (ii) dual or multiple class capitalizations.

#### Shareholder Rights

The guidelines will generally support proposals increasing or enhancing shareholder rights such as declassifying the board, allowing shareholders to call a special meeting, eliminating supermajority voting and adopting majority voting for the election of directors. Similarly, the guidelines will generally vote against proposals to eliminate or reduce shareholder rights.

## Mergers/Acquisitions

The guidelines undertake a thorough examination of the economic implications of a proposed merger or acquisition to determine the transaction's likelihood of maximizing shareholder return. The guidelines examine the process used to negotiate the transaction as well as the terms of the transaction in making a voting recommendation.

## Shareholder Proposals

The guidelines review and vote on shareholder proposals on a case-by-case basis. The guidelines support shareholder proposals if the requested action would increase shareholder value, mitigate risk or enhance shareholder rights but generally recommend voting against those that would not ultimately impact performance.

## Governance

The guidelines will support reasonable initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, elimination in/reduction of supermajority provisions, the declassification of the board and requiring the submission of shareholder rights' plans to a shareholder vote. The guidelines generally support reasonable, well targeted proposals to allow increased shareholder participation at shareholder meetings through the ability to call special meetings and ability for shareholders to nominate director candidates to a company's board of directors.

## Compensation

The guidelines will generally oppose any shareholder proposals seeking to limit compensation in amount or design. However, the guidelines will vote for reasonable and properly targeted shareholder initiatives such as to require shareholder approval to reprice options, to link pay with performance, to eliminate or require shareholder approval of golden coffins, to allow a shareholder vote on excessive golden parachutes and to claw back unearned bonuses.

## Social and Environment

We generally abstain from voting on proposals seeking to cease a certain practice or take certain action related to a company's activities or operations as they relate to social or environmental considerations as their impact on shareholder value cannot be anticipated with any confidence. Further, NorthStar guidelines generally vote for proposals regarding enhanced environment disclosure and reporting particularly when it appears companies have not adequately addressed shareholders' social and environmental concerns.

## Social

The guidelines generally oppose proposals requesting companies adhere to labor or worker treatment codes of conduct, such as those espoused by the International Labor Organization, relating to labor standards, human rights conventions and corporate responsibility at large conventions and principles. The guidelines will also vote against proposals seeking disclosure concerning the rights of workers, impact on local stakeholders, workers' rights and human rights in general. Furthermore, the guidelines oppose increased reporting and review of a company's political and charitable spending as well as its lobbying practices.

## **Proxy Voting Conflicts of Interest**

NorthStar recognizes that conflicts between itself and clients may arise in voting the proxies of public companies. Should NorthStar become aware of any conflicts that exist between it and a client, NorthStar's Investment Committee will review the relationship.

If a material conflict of interest exists, NorthStar's Investment Committee will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or abstain.

NorthStar will maintain a record of the voting resolution of any conflict of interest.