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The Racial Geography of Pandemic Mortality

By Julie Gorte, Ph.D., Senior Vice President for Sustainable Investing

The best predictor of how close anyone lives to hazardous waste is race.¹ The people most likely to live near sites that use or store harmful chemicals are Black and Latino people. That's no accident: Research has shown that the minority neighborhoods were already there when hazardous waste facility sites were chosen, and communities whose minority populations were growing were even more likely to have been selected as hazardous waste sites.² That is one of many reasons that mortality rates are higher for racial and ethnic minorities than they are for white people.

Living near hazardous waste is as bad as it sounds. As of 2014, more than 134 million people lived near facilities that use or store hazardous chemicals, and millions more spent time in those communities. The numbers are undoubtedly greater now.³ We know that production of chemicals generates "significant chemical releases to air, water and soil as well as large amounts of waste,"⁴ and that this can affect both indoor and outdoor environments in areas near production sites. Some of the chemicals that wind up polluting people's everyday lives include formaldehyde, microplastics, volatile organic compounds (VOCs), phthalates, phenols, flame retardants, hazardous air pollutants (HAPs), chlorinated solvents, heavy metals, PFAS and endocrine disruptors. These are linked to chronic health problems such as lung damage and respiratory illness, obesity, diabetes, asthma, hypertension, kidney disease, elevated cholesterol and other conditions.

That's bad enough, of course, but many of these conditions are also linked to increased vulnerability to COVID-19. A recent study

of air pollution and coronavirus deaths found "a close correlation between levels of hazardous pollutants and the per-capita death rate from COVID-19,"⁵ and since counties with hazardous waste facilities tend to have disproportionately high populations of racial minorities, that means higher death rates for minorities.

In fact, the rates are shockingly higher. The deadliest pandemic of our recent past, the 1918 influenza outbreak, was estimated to have killed at least 50 million people worldwide. During that pandemic, the mortality rate for white people was lower than the ordinary, everyday mortality rate for Black people — even in "normal," non-pandemic years. That is still true today, with the COVID-19 pandemic: For white mortality to reach the same level as the lowest mortality rate for Black Americans (in 2014), an additional 400,000 white deaths would have needed to happen in 2020. That is roughly four times the mortality rate for white people during the pandemic.⁶ The stats are equally appalling for Latinx, Indigenous communities and poor people.⁷

There are many reasons that minorities die in greater numbers than white people. Certainly, exposure to hazardous substances and pollution is one of them, and the reasons for that exposure are firmly rooted in racism.

This is the moving force behind an investor letter we, together with a coalition of other investors, sent to chemical companies late last year. It's time for chemical companies and others whose production facilities may expose neighbors to harmful substances

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to clean things up. It's in the interest of communities across the country — and it's in companies' own interests to do so. There is evidence that companies that do better by diversity and inclusion do better financially, and since many companies draw at least part of their workforce from the communities they are rooted in, it's in companies' interests not to harm the people in those communities. It's also very much the case that all forms of demographic discrimination — racial and gender-related — can corrode morale and productivity in companies. The more attention devoted to these longstanding impacts of our history of discrimination, the harder it is for workers to feel connected to and energized about working for companies that preserve that racist legacy.

So far, we've heard back from four of the companies. Companies are often eager to tell us what they are doing to protect local communities from exposure, and the talking and outreach continues with these and the other companies we reached out to.

We're encouraged by this, and we're encouraged to see the Biden administration's focus on environmental

justice. New EPA administrator Michael Regan and Brenda Mallory, chair of the new White House Council on Environmental Quality, bring from previous roles vast experience in reversing environmental injustices. And Vice President Kamala Harris wrote a bill to eradicate racism in environmental policy shortly before being selected as Joe Biden's pick for VP. This expertise is a welcome change, and a helpful signal, and we will continue to engage in public policy advocacy to assure that as we move ahead on climate and other environmental challenges, we bring race, gender and equality into the same equation. Progress on any of these problems will make progress on all the others more possible. **X**

¹Zoë Schlanger, "Race Is the Biggest Indicator in the U.S. of Whether You Live Near Toxic Waste," *Quartz*, March 22, 2017.

²Paul Mohai and Robin Saha, "Which Came First, People or Pollution? Assessing the Disparate Siting and Post-siting Demographic

Change Hypotheses of Environmental Injustice," *Environmental Research Letters* 10 (2015), Nov. 18, 2015.

³Paul Orum, Richard Moore, Michele Roberts and Joaquin Sánchez, "Who's in Danger? Race, Poverty and Chemical Disasters," *Environmental Justice and Health Alliance for Chemical Policy Reform*, May 2014.

⁴United Nations Environment Programme, "Global Chemicals Outlook II: From Legacies to Innovative Solutions Synthesis Report (2019)," 2019.

⁵See, for example, Lylla Younes and Sara Sneath, "New Research Shows Disproportionate Rate of Coronavirus Deaths in Polluted Areas," *ProPublica*, Sept. 11, 2020, and Sharon Lerner, "Scientists Pin Blame for Some Coronavirus Deaths on Air Pollution, PFAS, and Other Chemicals," *The Intercept*, June 26, 2020.

⁶See Elizabeth Wrigley-Field, "Racism is a Pandemic," *Slate*, Sept. 17, 2020, and Elizabeth Wrigley-Field, "U.S. Racial Inequality May Be as Deadly as COVID-19," *Proceedings of the National Academy of Sciences of the United States of America*, Sept. 8, 2020.

⁷Mustafa Santiago Ali, "Environmental Racism Is Killing Americans of Color. Climate Change Will Make It Worse," *The Guardian*, July 28, 2020.

Investor organizations who have signed on to our letter to companies include the following:

- Trinity Health
- Vancity
- Trillium Asset Management

New Pax Insights

Here are some recent thought leadership highlights. Find more at impaxam.com/insights.



Financing the Transition to a More Sustainable Economy

Members of our investment and engagement teams discuss our firm's sustainable fixed

income approach in context of the transition to a more sustainable global economy and the rapidly evolving impact bond market.

Read article here:
www.impaxam.com/financingTSE



Biden-Harris Picks Reflect Big Plans for Climate Action

Joe Keefe weighs in on the Biden-Harris cabinet and appointees. They have deep experience, but

will that be enough to deliver the administration's audacious climate plan?

Read article here:
www.impaxam.com/biden-harris



Six Sustainability Megatrends

In this brief video, Pax Large Cap Fund Portfolio Manager Andrew Braun highlights six sustainability megatrends that he will be watching in the months ahead.

Watch video here:
www.impaxam.com/megatrends

Pax World Funds News

Three Pax funds have enhanced sustainability profiles and new names as of March 31, 2021. The new fund names better reflect their core focus of investing in the transition to a more sustainable economy. The enhancements include the integration of the Impax Sustainability Lens into portfolio construction of two of the funds. The Lens, which is already used in several of our actively managed funds, is a tool that facilitates a systematic review of the economic opportunities and risks associated with the transition to a more sustainable economy.

Systematic Fund Name Changes & Enhancements

FORMER NAME	NEW NAME	FUND FOCUS AND ENHANCEMENTS
Pax ESG Beta Quality Fund	Pax U.S. Sustainable Economy Fund	Continues to be comprised of quality companies; will integrate the Impax Sustainability Lens into portfolio construction.
Pax ESG Beta Dividend Fund	Pax Global Sustainable Infrastructure Fund	The Fund will continue to seek both capital appreciation and income on behalf of shareholders by investing in companies that, in our view, are more likely to offer higher dividend yields to shareholders; will invest primarily in companies that support “sustainable infrastructure” as determined by the adviser — conserving, enabling or increasing access to vital resources such as clean energy, water, food and agriculture, including resource and waste management, as well as other societal resources that advance social well-being, such as healthcare, education, finance, transportation and data and communications.
Pax MSCI EAFE ESG Leaders Index Fund	Pax International Sustainable Economy Fund	Continues to be comprised of companies in non-U.S. developed markets (EAFE Index) that are ESG leaders; will integrate the Impax Sustainability Lens into portfolio construction.

In connection with these changes, shareholders of the U.S. Sustainable Economy Fund and the Global Sustainable Infrastructure Fund will also benefit from new management fee waivers.¹ The net expense ratio of the U.S. Sustainable Economy Fund will be reduced from 0.65% to 0.45% of net assets for Institutional Class shares and from 0.90% to 0.70% for Investor Class and Class A shares, and the net expense ratio of the Global Sustainable Infrastructure Fund will be reduced from 0.65% to 0.55% of net assets for Institutional Class shares and from 0.90% to 0.80% for Investor Class shares.² The total expense ratio for the International Sustainable Economy Fund will remain at 0.49% of net assets for Institutional Class shares and 0.74% for Investor Class shares.³ X

Find out more about these changes here:
www.impaxam.com/systematic

Find out more about the Impax Sustainability Lens here:
www.impaxam.com/lens

¹These contractual fee waivers will remain in place until at least April 30, 2024.

²The gross expense ratios of both funds will remain unchanged at 0.65% for the Institutional Class shares and 0.90% for the Investor Class and Class A shares. Only the net expense ratio is borne by shareholders.

³Total annual Pax MSCI EAFE ESG Leaders Index Fund operating expenses, gross of any fee waivers or reimbursements and excluding acquired fund fees and expenses, for Institutional Class and Investor Class shares are 0.48% and 0.73% respectively as of the 5/1/2020 prospectus.

Conversation Pieces



“What’s striking to me about the Biden climate plan is the significant allocation to science and technology research and development.”

Julie Gorte, Ph.D., Senior VP for Sustainable Investing
Worth.com

“In the industrial space, companies that provide products that help customers save energy and money are areas that we’re pretty excited about.”

Andrew Braun, Portfolio Manager, Pax Large Cap Fund
Money Life with Chuck Jaffe

“Deforestation is not only important because of climate change ... (it) also contributes to the global crisis of biodiversity, endangering both ecosystems and people. Losing a million species this century is a crisis.”

Julie Gorte, Ph.D., Senior VP for Sustainable Investing
GreenBiz

“We’re really encouraged that we’ll see more meaningful progress on the urgent climate issues going forward.”

Andrew Braun, Portfolio Manager, Pax Large Cap Fund
FinTech TV

Shareholder Corner:

New and Improved Shareholder Portal on the Way

We are excited to announce that the new Pax Portal will come online in late May!

The portal offers a secure platform for you to manage your investments from any of your desktop or mobile devices.

The upgrade includes enhancements to the user experience, including improved navigation, making it easy to find and use the portal's many capabilities:

- **view real-time account balances and transaction history,**
- **open new accounts,**
- **buy, sell or make exchanges into new or existing accounts,**
- **create and manage automatic investment and systematic withdrawal plans,**
- **update your personal and beneficiary information, and**

- **enroll in text alerts, among many other tasks.**

You'll find the new Pax Portal at the same address: www.impaxam.com/account. Most shareholders who have successfully logged in to the current online access portal since January 1, 2020, will keep the same user ID and password.* If you haven't logged in since 01/01/2020, click "Get Online Access" to enroll.

There will be an interruption in service to bring the new portal online. More detail will be provided in a pop-up message on the current login page when we get closer to the change. **X**

**A small number of currently active user IDs cannot be transferred to the new portal. If your user ID is affected, you will be notified.*



Sign Up To Receive Digital Statements

Make the switch to electronic statements by logging into your account at www.impaxam.com/account.

Once our new portal is live, electing e-delivery will be easier than ever.



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You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 800.767.1729 or visiting www.impaxam.com. Please read it carefully before investing.

An investment in Pax World Funds involves risk, including loss of principal. Past performance does not guarantee future results.

RISKS: Equity investments are subject to market fluctuations, the Fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The Fund does not take defensive positions in declining markets. The Fund's performance would likely be adversely affected by a decline in the Index. Investments in emerging markets and non-U.S. securities are generally less liquid and less efficient than investments in developed markets and are subject

to additional risks, such as risks of adverse governmental regulation, intervention and political developments. There is no guarantee that the objective will be met and diversification does not eliminate risk. Funds that emphasize investments in smaller companies generally will experience greater price volatility. Investing in non-diversified funds generally will be more volatile and loss of principal could be greater than investing in more diversified funds.

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