

# Pax Global Environmental Markets Fund

## Sustainability & Impact Profile



## INVESTMENT STRATEGY

---

At Impax, we invest in companies that we believe are well-positioned to benefit from the transition to a more sustainable economy.

The Pax Global Environmental Markets Fund invests in companies that are developing innovative solutions to resource challenges in four key areas: new energy; water; waste and resource recovery; and sustainable food, agriculture and forestry. At least 20% of a company's revenue, profitability or invested capital must derive from these areas to be eligible for inclusion into the Fund's investment universe. Among companies in the Fund, this revenue percentage is typically much higher; as of year-end 2020, it was 57%.

### ENVIRONMENTAL MARKETS SECTOR ALLOCATION (%)



NEW ENERGY - 40.0



WATER - 30.9



WASTE/RESOURCE  
RECOVERY - 5.9



SUSTAINABLE FOOD,  
AGRICULTURE &  
FORESTRY - 16.6



OTHER - 4.9

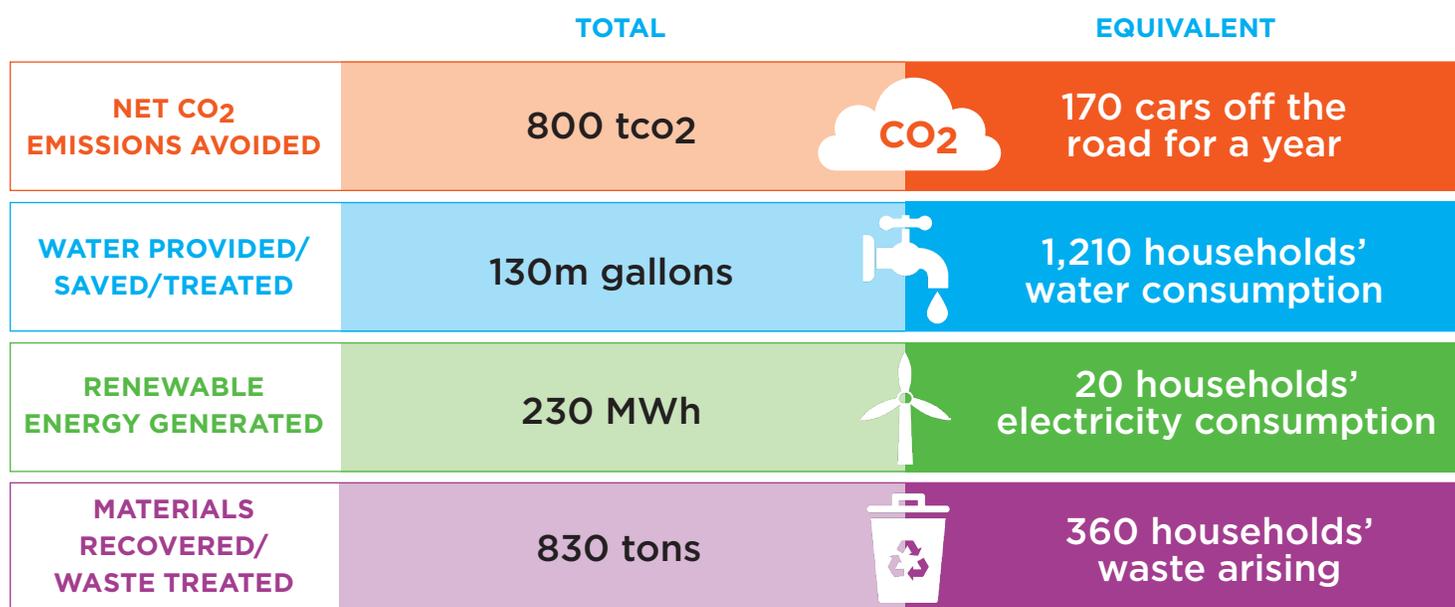
Source: Impax Asset Management. Data as of June 30, 2021



## IMPACT METRICS

We disclose environmental benefits derived from the products and services offered by portfolio companies:

**FIGURE 1 - In 2020, a \$10 million investment in the Fund supported:**

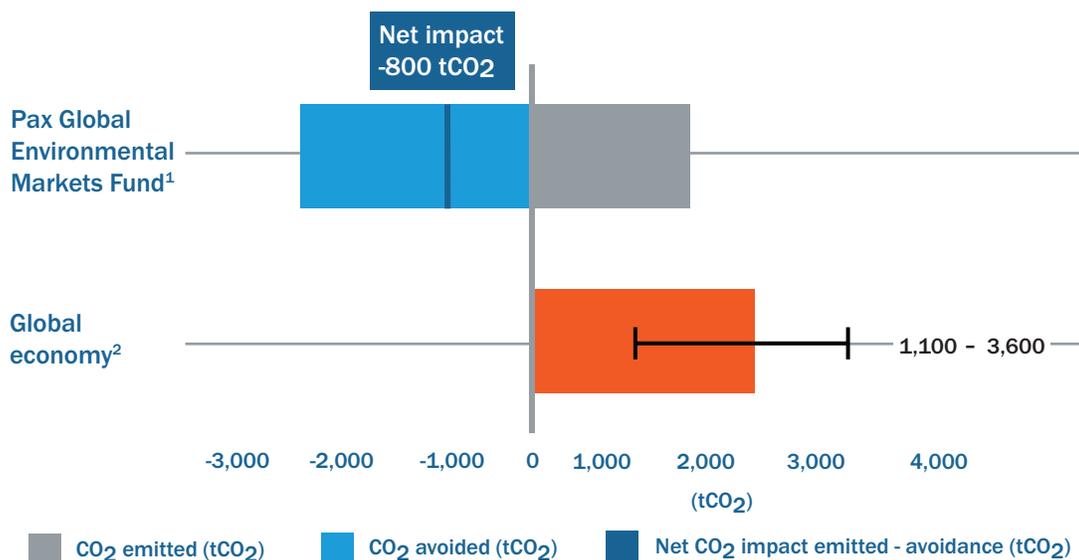


Source: Impax Asset Management. See page 10 for additional disclosures.

Figure 2 displays another impact metric, carbon emissions avoided, which reflects the positive effect that portfolio companies are having on the global climate.

This net CO<sub>2</sub> metric involves calculating not only a company's direct and indirect emissions (from its operations and energy use) but also the emissions avoided by the use of its products or services compared with conventional alternatives.

**FIGURE 2 - Net CO<sub>2</sub> impact per \$10 million invested for one year:**



Comparing the net CO<sub>2</sub> outcome of our portfolio companies' activities with the global economy demonstrates the impact they are having on delivering the transition to a lower carbon economy.

Data as of December 31, 2020. Figures are based on Impax internal data. These figures refer to the past. Past performance is not a reliable indicator of future results. See page 10 for additional disclosures.

## SUSTAINABILITY CHARACTERISTICS

Here is how the Fund compares to a traditional benchmark and peers regarding a wider range of sustainability characteristics.

**MSCI IVA OVERALL RATING<sup>3</sup>**  
A measure of companies' ESG quality

Fund:	MSCI ACWI Index <sup>4</sup> :
<b>AA</b>	<b>A</b>

**MORNINGSTAR SUSTAINABILITY RATING™**



As of 6/30/2021. Global Category: Global Equity Large Cap. Based on 96% of AUM.<sup>5</sup>

**MORNINGSTAR LOW CARBON<sup>6</sup> DESIGNATION™**



Low Carbon

The Fund integrates ESG research, is fossil fuel free and avoids investing in weapons and tobacco companies.

**FOSSIL FUEL RESERVES**

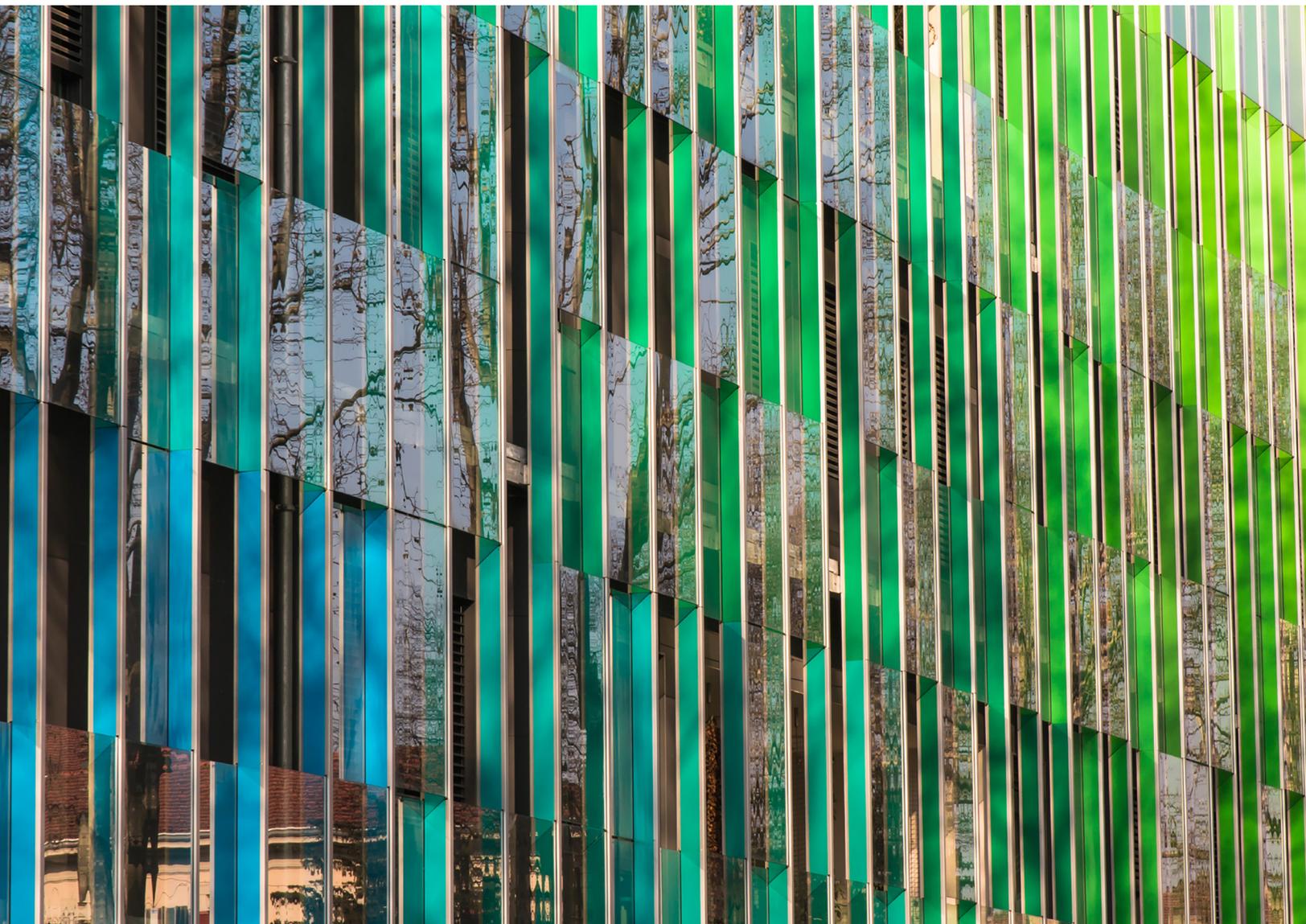
**0%**

**TOBACCO**

**0%**

**WEAPONS MANUFACTURERS**

**0%**

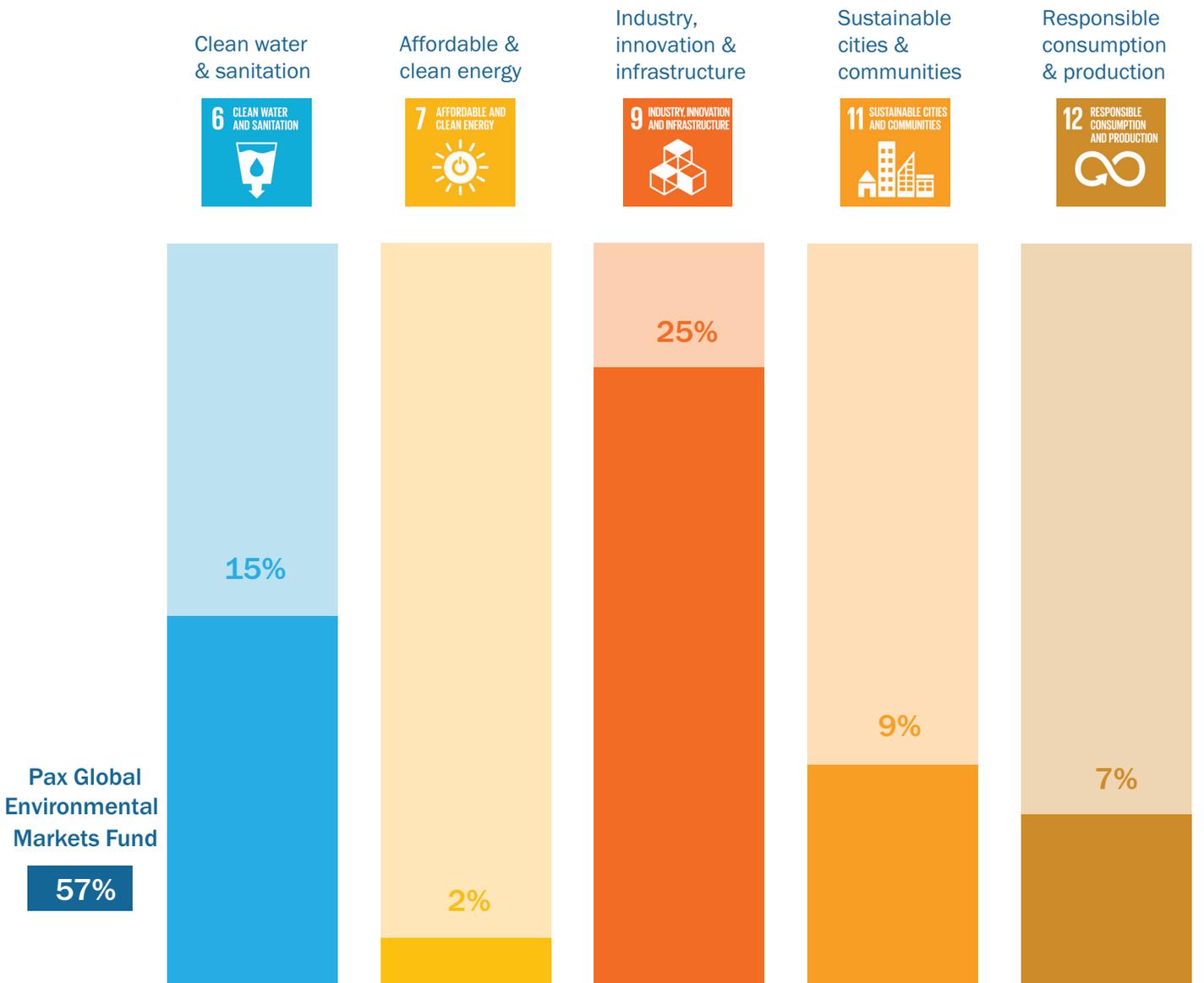


## ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) comprise 17 sets of targets to be met by 2030. A growing number of asset owners are seeking to assess how their investments contribute to the SDGs as a means of measuring their impact.

We have undertaken a mapping exercise to show how the Fund aligns with these goals based on revenue exposure. Impax's classification of the Environmental Markets investment universe enables us to link portfolio company activities to the most relevant SDGs.

**FIGURE 3 - Mapping the Fund portfolio's revenue exposure to the SDGs:**



Source: Data as of December 31, 2020. Figures are based on Impax internal data.

## COMPANY EXAMPLES

---

### **TRIMBLE, INC.**

*Manufacturer of global positioning systems, sensors and communications equipment – U.S.*

#### Investment Opportunity

Offers a suite of services built around core GPS and satellite capabilities and the integration of key environmental, geospatial and logistics data to provide scalable server-based solutions for enhanced agricultural productivity and lower costs. The company has a growing portion of sales from subscription services at a high margin and the company's products are being introduced to new crops and new jurisdictions, as well as new sectors such as water.

#### Environmental Benefit

Incorporates key data such as location, weather, amount of water available to plants, soil characteristics, and crop yields, resulting in more efficient and optimal application of water, seeds and fertilizers. This helps not only to eliminate over-planting or over-spraying but enhances plant productivity, plant resilience and helps to minimize risk of agricultural runoff through precise and appropriate application of product.

#### Impact Achieved

In 2018 Trimble enabled its clients to avoid 8.7 million tons of CO<sub>2</sub> through more precise application of fertilizers.

### **SIEMENS AG**

*Electrification, automation of production processes and digitalization of the factory environment - Germany*

#### Investment Opportunity

This company commands a unique position in industrial software. With the streamlining of its portfolio, management has positioned the company for what will be a fast-changing environment for many trends and opportunities in the electronics sphere — including industrial digitization — that is, the use of digital technology and data to generate efficiencies.

#### Environmental Benefit

From renewable energy equipment to the more efficient transmission of power, smart grid solutions, energy efficiency in buildings, lower carbon transportation and more efficient digital factories, the company's products address an array of environmental and resource challenges brought about by increased global population, urbanization and rising living standards.

#### Impact Achieved

In 2019, the company helped its customers avoid 48 million tonnes of CO<sub>2</sub> by reducing energy consumption.

## ENGAGEMENT

---

By engaging with the companies held in Pax World Funds, we help ensure they are attuned to the risks and opportunities presented by the transition to a more sustainable global economy, which we believe will help them create long-term value for investors.

Engagements in the Fund for the one-year period ending 12/31/2020:

COMPANY NAME	ESG ISSUE	ACTION/STATUS	DESCRIPTION
<b>Aptiv PLC</b>	Multiple	Direct Dialogue	Held informative meeting with management to discuss climate risk, diversity and health and safety. Will continue dialogue to ensure progress on sustainability reporting.
<b>Siemens AG</b>	Energy Transition	Collaborative Engagement	Joined in ShareAction's EV100 Initiative in outreach to companies on accelerating their transition to electric vehicles.
<b>Waste Management</b>	COVID-19	Outreach	Outreach campaign requesting information from and dialogues with companies on steps being taken to manage human capital and diversity and inclusion over the medium to long term in the wake of COVID-19.
<b>Trimble Inc.</b>	Sustainability & ESG Advisory	Direct Dialogue	As per Impax's recommendations over the course of multiple engagements in recent years, Trimble took key steps forward on its sustainability journey. The company recently appointed its first Head of Sustainability and improved its sustainability disclosures, including an emissions reduction commitment.
<b>Hubbell Inc.</b>	Diversity, Equity & Inclusion	Direct Dialogue	Over the course of engagements, we learned that the company appointed two new female independent non-executive directors to the Board in early 2019 and 2020. The company confirmed that Impax's engagement was instrumental in driving these changes.
<b>Beijing Enterprises Water Group</b>	Physical Climate Risk	Direct Dialogue	Impax continued dialogue with the company regarding physical climate risk analysis and approaches to managing this business risk.

If you would like to learn more about Impax engagement, our [latest report](#) describes how we engage, our focus areas, collaborations, public policy advocacy, key milestones and other tangible impacts.

## PROXY VOTING

---

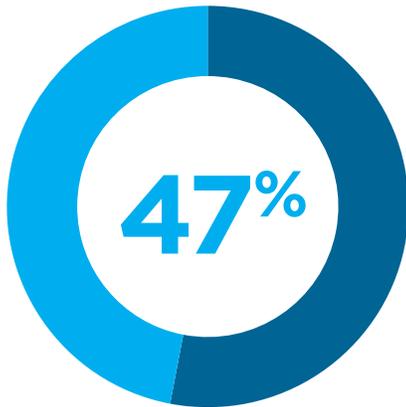
For more than 30 years, we have used proxy voting to make our shareholders' voices heard. We vote 100% of our proxies on numerous issues consistent with our ESG criteria.

In ShareAction's [Voting Matters 2020](#) report, Impax's voting record **ranked 1st out of 60 of the world's largest asset managers** on 102 shareholder resolutions on climate change, climate-related lobbying and social issues.

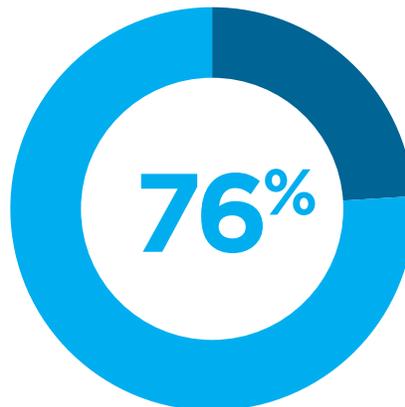
In Morningstar's [2020 proxy voting report](#),<sup>7</sup> Impax's support for key ESG resolutions exceeded the conventional funds' average and sustainable funds' average by wide margins:

### PERCENTAGE SUPPORT ON 67 KEY ESG ISSUES AS IDENTIFIED BY MORNINGSTAR

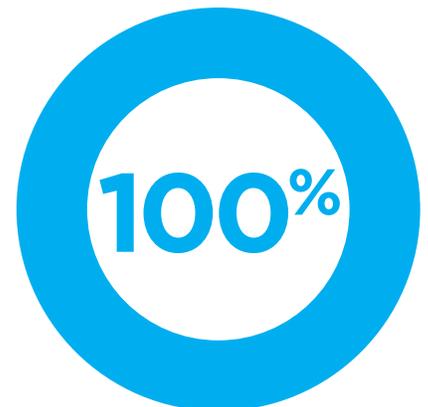
CONVENTIONAL FUNDS'  
AVERAGE



SUSTAINABLE FUNDS'  
AVERAGE



IMPAX ASSET  
MANAGEMENT



You can learn more about our [proxy voting guidelines](#) and access the Pax World Funds proxy history on our website.

## PRI ASSESSMENT

---

As a signatory to the UN Principles for Responsible Investment (PRI), Impax receives an annual Assessment Report that demonstrates how we have progressed in our implementation of the principles year-over-year and relative to peers.

**Impax scored A+ for our overarching approach to responsible investment in the 2020 PRI survey** and a mix of A+ and A ratings in equity and fixed income categories. Impax outperformed the median score of peers in all categories in which we were rated. Read the full report [here](#).



IMPAX ASSET MANAGEMENT

A+



## DISCLOSURES AND DEFINITIONS

---

Under normal market conditions, the Fund is expected to be fossil fuel free — not invested in securities of companies that derive revenues or profits from exploration, production, refining or processing of thermal coal, oil or gas, or significant (more than 5%) of revenues or profits derived from storage, distribution or power generation from the same. Additional details are available here: <https://impaxam.com/what-is-fff>

The Morningstar Sustainability Rating measures how well the companies in a fund's portfolio manage their environmental, social and governance (ESG) risks and opportunities relative to the fund's peers. First, a Morningstar Portfolio Sustainability Score™ ranging from 0 to 100 is derived from an asset-weighted average of the underlying company ESG scores quarterly. Next, scored funds are rated monthly: The top 10% receive 5 globes (High), the next 22.5% receive 4 (Above Average), the next 35% receive 3 (Average), the next 22.5% receive 2 (Below Average), and the bottom 10% receive 1 (Low). Sustainalytics provides company-level analysis used in the calculation of Morningstar's Sustainability Score. A higher score indicates that a fund, on average, has more of its assets invested in companies that score well according to the Sustainalytics methodology. For details, visit <http://morningstar.com/company/sustainability>. © 2021 Morningstar. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

### Figure 1 source:

Impax Asset Management Ltd. Impact of \$10m invested in the Fund for one year. Based on most recently reported annual environmental data for holdings in the Pax Global Environmental Markets Fund, December 31, 2020. Impax's impact methodology is based on equity value. MWh stands for megawatt hour. Total materials is measured in U.S. tons.

### Figure 2 sources:

<sup>1</sup>Impax's impact methodology is based on equity value.

<sup>2</sup>Estimated total emissions 2020 [GtCO<sub>2</sub>e] (orange bar) Global Carbon project, source Carbon brief using 2020 figures. Black bars reflect the range of estimates of value invested. Global AUM for 2020 as provided by PWC for the low figure and Global Wealth for 2020 as provided by Credit Suisse for the high figure.

<sup>3</sup>MSCI ESG Intangible Value Assessment (IVA) provides research, ratings and analysis of companies' financially material risks and opportunities arising from environmental, social and governance factors. Companies are rated by MSCI ESG analysts on a seven point scale of 'AAA- CCC' relative to the standards and performance of their industry peers. The MSCI ESG IVA ratings provide a signal to investors of the extent to which a company is well-positioned to manage the financially material risks and opportunities arising from key ESG trends.

<sup>4</sup>The MSCI ACWI (Net) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 50 country indexes comprising 23 developed and 27 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States. The emerging market country indexes included are: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Performance for the MSCI ACWI Index is shown "net," which includes dividend reinvestments after deduction of foreign withholding tax. One cannot invest directly in an index.

<sup>5</sup>Sustainability Score for the Pax Global Environmental Markets Fund as of 6/30/2021 is 19.59. Percent Rank in Category is 8 and Sustainability Rating is 5 globes as of 6/30/2021. Sustainalytics provides company-level analysis used in the calculation of Morningstar's Sustainability Score.

<sup>6</sup>The Morningstar Low Carbon Designation is given to portfolios with low carbon risk scores and low levels of fossil fuel exposure. These portfolios must have a Carbon Risk Score below 10 and Fossil Fuel Involvement below 7% of assets, based on an average of the portfolios over the trailing 12 months. Data is based on long positions only. Carbon metrics as of 6/30/2021. Based on 96.29% of AUM for the Pax Global Environmental Markets Fund.

As of 6/30/2021, Trimble, Inc. was 2.1%, Siemens AG was 2.2%, of the Pax Global Environmental Markets Fund. Holdings are subject to change.

<sup>7</sup>Source: Morningstar Research, Sustainable Fund Proxy Votes Show a Range of Support for ESG Measures, Jackie Cook, Jon Hale, Ph.D., CFA, December 2020. Conventional funds defined by Morningstar as funds offered by the 20 largest U.S. stock fund managers. Sustainable funds include open-end and exchange-traded funds available in the U.S. that are tagged as "sustainable investments" by Morningstar.

Investing in resource  
efficiency and  
environmental solutions.



---

***Before investing in Pax World Funds, you should carefully consider the investment objectives, risks, charges and expenses. For this and other important information about the fund, please obtain a fund prospectus by calling 800.767.1729 or visiting [www.impaxam.com](http://www.impaxam.com). Please read it carefully before investing.***

**RISK:** 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. Emerging market and international investments involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, economic or political instability in other nations or increased volatility and lower trading volume.

The Fund is actively managed. The investment techniques and decisions of the investment adviser and the Fund's portfolio manager(s), including the investment adviser's assessment of a company's ESG (Environmental, Social and Governance) profile when selecting investments for the Fund, may not produce the desired results and may adversely impact the Fund's performance, including relative to other Funds that do not consider ESG factors or come to different conclusions regarding such factors.

An investment in Pax World Funds involves risk, including loss of principal.

Impax Asset Management LLC is investment adviser to Pax World Funds.

CFA® is a trademark owned by the CFA Institute.

Copyright © 2021 Impax Asset Management LLC. All rights reserved. Pax World Funds are distributed by Foreside Financial Services, LLC. Foreside Financial Services, LLC is not affiliated with Impax Asset Management LLC.

IMPX0650 (8/22)