



Spotlight on ESG Criteria

Pax World Funds pioneered an investment approach known as sustainable investing – the full integration of environmental, social and governance (ESG) factors into investment analysis and portfolio construction. The result, we believe, is an increased level of scrutiny that helps us construct investment portfolios made up of companies that are better positioned to manage the risks and opportunities arising from the transition to a more sustainable global economy.

Sustainable investing fully integrates environmental, social and governance (ESG) factors into investment analysis and portfolio construction.

<h1>E</h1> <p>Environmental</p> <ul style="list-style-type: none"> • Climate Change • Emissions & Waste • Resource Efficiency 	<h1>S</h1> <p>Social</p> <ul style="list-style-type: none"> • Workplace Diversity, Human Capital & Supply Chain Management • Product Integrity & Safety • Community Impact 	<h1>G</h1> <p>Governance</p> <ul style="list-style-type: none"> • Board & Executive Diversity • Corporate Structure, Accounting & Transparency • Executive Compensation
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ENVIRONMENTAL

Our environmental criteria focus on companies' ability to manage operational and reputational risks and to capitalize on opportunities created by the shift towards a more sustainable economy. We focus on such issues as air and water emissions, recycling and waste reduction, use of clean and renewable energy, climate change initiatives, and other policies and practices relating to environmental impact. Generally, we favor companies with comprehensive environmental policies, practices and performance, those with good environmental performance compared with industry peers, and those that are working to improve environmental sustainability.



SOCIAL – WORKPLACE

Our workplace criteria focus on companies' ability to create value through a productive workforce. We examine diversity, occupational health and safety, employee relations and human rights. We favor companies that implement programs, policies and procedures intended to encourage and foster safe, diverse and productive workplaces. We consider whether companies establish specific goals, measure their progress toward their goals in these issue areas and publicly report on their performance.



SOCIAL – PRODUCT INTEGRITY

Our product integrity criteria focus on companies' ability to create loyalty and franchise value by offering safe, high-quality products and services. We examine such issues as product health, safety and quality, consumer rights and protections, emerging technology issues, and marketing and advertising practices. As technology advances, we consider whether companies implement procedures and practices that safeguard data security and protect consumers' privacy.



SOCIAL - COMMUNITY

Our community criteria focus on a company's commitment to and relationship with the communities in which it operates, including the pursuit of sustainable development abroad. We favor companies that work to enhance the quality of life in the communities in which they do business. We also generally favor companies that foster strong stakeholder relations through responsible business practices, such as fair lending practices among financial institutions.



GOVERNANCE

Our governance criteria focus on companies' ability to align the interests of managers with those of shareholders over the long term, including loyalty to shareholders, transparency and accountability as demonstrated in such areas as board structure and procedures, executive compensation, shareholder rights, misconduct including corruption, bribery and fraud, and policies regarding takeover defenses and political spending. In addition, we examine board and executive diversity, particularly gender diversity. We believe gender diversity on boards and in senior management is material to a company's business prospects.



INVESTMENTS WE AVOID

We seek to avoid investing in companies:

- that manufacture or sell weapons;
- that manufacture tobacco products;
- whose primary business is coal mining and production;
- whose sole or majority operations are in oil sands;
- whose reliance on coal, in the case of utilities, is above the national average, unless that utility has demonstrated a significant commitment to renewables and is reducing its dependence on coal.

SUSTAINABLE INVESTING

We believe ESG factors have financial impact on corporate performance and integrating these factors into portfolio management can mitigate risk and add value to an investment portfolio. In our view, sustainable investing is simply a better, smarter way to invest.

Impax Asset Management LLC, formerly Pax World Management LLC, is investment adviser to Pax World Funds. The issues highlighted above are illustrative and do not necessarily reflect the full range of the ESG criteria Pax World Funds may apply in analyzing a particular security for investment. The availability of information about a company, issues associated with a particular industry, changing social conditions or other circumstances may affect the manner in which Pax World Fund's sustainability criteria are applied in a particular situation.

Companies in which our funds invest do not necessarily meet exemplary standards in all areas of Pax World Fund's ESG criteria, nor, we recognize, is any company perfect when it comes to corporate responsibility or sustainability. At Pax World, we nonetheless believe that our shareholders seek to invest in companies that adhere to positive standards of corporate responsibility. Our ESG criteria are designed to assist us in identifying those investments. We also believe that well-managed companies that maintain good relations with employees, consumers, communities, and the natural environment, and that strive to improve in those areas, will in the long run better serve investors.



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You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. For this and other information, please obtain a fund prospectus by calling Pax World at 800.767.1729 or by visiting our web site at www.paxworld.com. Please read the prospectus carefully before investing. An investment in the Pax World Funds involves risk, including loss of principal.

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