

# Sustainable Investing Overview

Pax World's Environmental, Social and Governance (ESG) Criteria



Pax World Funds takes into consideration the following ESG criteria when looking at all potential investments:

## Environment

- Air & water emissions
- Recycling & waste reduction
- Clean & renewable energy
- Climate change initiatives
- Environmental reporting & disclosure
- Sustainability

## Workplace

- Diversity
- Employee/Vendor relations
- Health & safety
- Human rights

## Corporate Governance

- Practices & performance
- Reporting & disclosure

## Product Integrity

- Product health & safety
- Consumer issues
- Emerging technologies
- Animal welfare

## Community

- Community relations
- Responsible lending practices
- Philanthropic activities

Pax World mutual funds seek to invest in forward-thinking companies with sustainable business models. To identify those companies, we combine rigorous financial analysis with equally rigorous environmental, social and governance analysis. The result, we believe, is an increased level of scrutiny that helps us identify better-managed companies that are leaders in their industries; that meet positive standards of corporate responsibility; and that focus on the long term. By investing in those companies, we intend for our shareholders to benefit from their vision and their success.

## Environment

Our environmental criteria include 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 focused on attaining and promoting environmental sustainability. Generally, we favor companies with comprehensive environmental policies, practices, and performance, those with good environmental performance within their respective industries and those who are working to achieve environmental sustainability. We seek to avoid companies with inadequate environmental policies, management systems, performance and reporting.

## Workplace

Our workplace screening criteria include such issues as diversity, equal opportunity based on gender, race, religion, age, disability or sexual orientation, workplace health and safety, employee relations, vendor standards and human rights. Our workplace criteria are divided into three issue areas: diversity, employee/vendor relations, and health and safety. We look for companies that encourage and foster diversity in the workplace, that offer transparency around policies and programs and that report on diversity performance. We favor companies that treat their employees well and that have good labor and employee relations. We also favor companies that have positive health and safety policies and procedures in place.

## Corporate Governance

We favor companies with comprehensive corporate governance policies, strong corporate governance practices, and a good governance and business practices record free of regulatory concerns or violations. We consider a number of criteria when assessing a company's corporate governance practices which can be broken down into three separate indicators: a company's corporate governance policies; corporate governance practices and performance; and reporting and disclosure around corporate governance issues.

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## Product Integrity

Our product integrity criteria cover such issues as product health and safety (including public health issues associated with product abuse and addiction), animal welfare, consumer issues and emerging technology issues.

## Community

Our community criteria include companies' philanthropic activities, their commitment to and relationships with the communities in which they do business (including their commitment to sustainable development abroad), and in the case of financial institutions, responsible lending practices. We favor companies that foster strong stakeholder relations and demonstrate a commitment to the quality of life in the communities in which they operate. We seek to avoid companies that show disregard for, or are in conflict with stakeholder constituencies or the communities where they do business.

Pax World avoids investing in companies that we determine are significantly involved in the manufacture of weapons or weapons-related products or that manufacture tobacco products.

Our primary goal is to produce competitive returns for our investors. By integrated environmental, social and governance criteria — what we call “sustainability” criteria — into our investment approach, the Funds also seek to promote peace, protect the environment, advance equality, and foster sustainable development. To denote this endeavor, the Funds have adopted the name “Pax World”.

The issues highlighted above are illustrative and do not necessarily reflect the full range of the social, environmental or governance criteria Pax World 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'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's environmental, social and governance 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 environmental, social and corporate governance 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 as well.

**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 or visiting our web site. Please read the prospectus carefully before investing. Distributor: ALPS Distributors, Inc., Member FINRA.**

The Pax World Funds' sustainable investing policies may inhibit the Funds' ability to participate in certain attractive investment opportunities that otherwise would be consistent with its investment objectives and other principal investment strategies.