



Spotlight on Engagement

Climate Change

Climate change is one of the most critical issues facing the world today. We believe it is also a particularly significant issue for investors.

That's why we actively engage with companies on climate-related issues and hold them accountable for their climate impact.

PROXY VOTING GUIDELINES

As shareholders, we have an opportunity to vote on company resolutions. We will generally vote in favor of proposals that request that companies disclose potential risks from climate change, or that request disclosure or development of policies or programs to mitigate climate change risk and impact.

OUR PARTNERSHIPS

CDP - a network of investors and purchasers, representing over \$87 trillion in assets who annually urge companies to report on climate risks and opportunities and take steps to reduce emissions. More than 5,600 companies worldwide have disclosed environmental information through CDP over 15 years.

Investor Network on Climate Risk (INCR) - a network of more than 110 institutional investors representing more than \$13 trillion in assets committed to addressing the risks and seizing the opportunities resulting from climate change and other sustainability challenges.

Climate Action 100+ - a five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. To date, 256 investors with more than \$30 trillion in assets under management have signed on to the initiative.

RE100 - a collaborative, global initiative uniting more than 100 influential businesses committed to 100% renewable electricity, working to massively increase demand for—and delivery of—renewable energy.

WE SEEK TO INFLUENCE CORPORATE POLICIES ON CLIMATE CHANGE THROUGH:

Proxy Voting

Shareholder Proposals

Public Policy Advocacy

WE ARE STILL IN Paris Agreement: We Are Still In - Pax World Funds joined more than 1,000 U.S. businesses, investors, states, cities and universities pledging to continue to abide by the Paris Agreement and to help the U.S. deliver on its international climate commitments.

SHAREHOLDER PROPOSALS

The Issue

Why it Matters

Our Recent Proposals



Climate Change & Sustainability Disclosure

Managing and reporting on sustainability factors, including climate change risks and opportunities, helps companies navigate a business environment characterized by finite natural resources, rapidly changing laws and regulations, and heightened public expectations for corporate accountability. Transparent, substantive reporting positions companies to gain strategic value from existing sustainability efforts and identify emerging risks and opportunities.



Renewable Energy Sourcing and Production

As global demand for energy grows, we believe companies should diversify their energy sources beyond fossil fuels to include renewable energy. Renewable energy sourcing can benefit companies by reducing their operating costs and limiting their exposure to natural resource market volatility.



Climate Change Influence and Accountability

Lobbying activities can have significant influence on climate policy and are increasingly coming under scrutiny. We encourage transparency and accountability in the use of employee time and corporate funds to influence climate related legislation and regulation.

Similarly, board oversight of climate issues is a critical component of strong corporate governance for companies in all sectors. The Task Force on Climate-related Financial Disclosures (TCFD) identifies corporate governance and risk management practices as critical contextual components within which to understand a company's financial results.



Transitioning to a Low-Carbon Economy

COP21 marked the beginning of the transition from an industrial age economy reliant on fossil fuels, to a sustainable, low-carbon economy. We believe it is critical that companies adapt their business models now so that they are well-positioned for a low-carbon future.

Yum! Brands (2019) – We requested a report on how the company is managing climate-related risks in its supply chain caused by deforestation, which accounts for 10% of global GHG emissions and also contributes to biodiversity loss, soil erosion, disrupted rainfall patterns, community land conflicts and forced labor.

Kaiser Aluminum (2018) – We requested that Kaiser Aluminum publish a sustainability report that describes the company's policies, strategies, performance, and improvement targets on material sustainability issues, including climate change. We successfully withdrew our proposal when Kaiser agreed to expand its public sustainability disclosures and publish a sustainability report.

Verizon Communications (2019), UPS (2017) – We requested that Verizon and UPS set targets to increase renewable energy sourcing and/or production. We withdrew both proposals after the companies agreed to set targets to increase renewable energy use. UPS now includes a quantitative target to increase renewable energy (25% by 2025) in its most recent sustainability update and Verizon has committed to sourcing renewable energy equivalent to 50% of its total electricity usage by 2025.

Travelers Companies (2018), Old Republic (2018) and White Mountains Insurance (2018) – We asked these insurance companies to put in place effective oversight for climate change at the board level. This includes systems that allow for informed and thoughtful oversight, and board decision making that incorporates the consideration of material environmental and social issues pertaining to both the underwriting and investing arms of their businesses. We successfully withdrew our proposals at Travelers and White Mountains after engaging with both companies, while our proposal received 48% support at Old Republic's annual meeting.

JPMorgan Chase (2019), Alphabet (formerly Google) (2016, 2017 & 2018) – We asked these companies to report on their lobbying practices and to determine if their public policy efforts support or oppose climate change legislation or regulation. The proposal at JPMorgan was successfully withdrawn after the company agreed to increase transparency on this topic.

ConocoPhillips (2017) – We requested that the company report on whether its incentive compensation programs for senior executives promotes resilience to low-carbon scenarios associated with efforts to limit global temperature rises to below 2 degrees Celsius.

Valero Energy (2018), Dominion Energy (2017 & 2018) and Occidental Petroleum (2017) – We requested that the companies produce assessments of the long-term portfolio impacts of likely climate change scenarios. All three companies have agreed to produce an assessment.

As of 3/31/19, Yum! Brands, Inc. was 2.2% of the Pax Mid Cap Fund and 0.1% of the Pax Balanced Fund. Verizon Communications Inc. was 0.4% of the Pax Balanced Fund, 1.2% of the Pax Ellevest Global Women's Leadership Fund, 2.8% of the Pax ESG Beta Quality Fund, 1.8% of the Pax ESG Beta Dividend Fund and 0.7% of the Pax Core Bond Fund. United Parcel Service, Inc. was 0.1% of the Pax Balanced Fund, 0.9% of the Pax ESG Beta Dividend Fund, 0.8% of the Pax ESG Beta Quality Fund and 0.4% of the Pax Ellevest Global Women's Leadership Fund. Travelers Companies, Inc. was 0.2% of holdings of the Pax Balanced Fund, 0.3% of the Pax Core Bond Fund and 0.2% of the Pax Ellevest Global Women's Leadership Fund. White Mountains Insurance Group Ltd. was 0.2% of the Pax Balanced Fund, 3.2% of holdings of the Pax Small Cap Fund and 2.7% of the Pax Mid Cap Fund. JPMorgan Chase was 0.6% of the Pax Core Bond Fund, 0.1% of the Pax ESG Beta Dividend Fund, 2.7% of the Pax Large Cap Fund and 1.2% of the Pax Balanced Fund. Alphabet, Inc., Class A was 1.2% of holdings of the Pax Balanced Fund, 2.7% of the Pax Large Cap Fund, 1.7% of the Pax ESG Beta Dividend Fund and 2.4% of holdings of the Pax ESG Beta Quality Fund. Alphabet, Inc., Class C was 1.0% of the Pax Balanced Fund, 0.8% of the Pax ESG Beta Quality Fund and 2.7% of the Pax Large Cap Fund. ConocoPhillips was 0.8% of the Pax Balanced Fund, 2.0% of the Pax Large Cap Fund and 0.4% of the Pax Ellevest Global Women's Leadership Fund. Valero Energy Corp. was 0.001% of the Pax Beta Quality Fund and 0.2% of the Pax Ellevest Global Women's Leadership Fund. Dominion Energy Inc. was 0.04% of the Pax Balanced Fund, 0.5% of the Pax ESG Beta Dividend Fund and 0.3% of the Pax Ellevest Global Women's Leadership Fund. Occidental Petroleum Corp. was 0.2% of the Pax Ellevest Global Women's Leadership Fund. Old Republic International Corp. was 0.2% of Pax ESG Beta Quality Fund, 0.2% of the Pax ESG Beta Dividend Fund and 0.02% of the Pax Balanced Fund. Holdings subject to change. Kaiser Aluminum Corporation was not held by any Pax World Funds.



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