



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.

WE SEEK TO INFLUENCE CORPORATE POLICIES ON CLIMATE CHANGE THROUGH:

Proxy Voting

Shareholder Proposals

Public Policy Advocacy

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 ARE STILL IN Paris Agreement: We Are Still In - Pax World joined over 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.

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.



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.

UPS (2017) – We requested that UPS set quantitative targets to increase renewable energy sourcing and/or production. UPS now includes a quantitative target to increase renewable energy (25% by 2025) in its most recent sustainability update.



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.

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.

Alphabet (formerly Google) (2016, 2017 & 2018) – We continue to request a report on the company’s lobbying practices and to urge Alphabet to determine if its public policy efforts support or oppose climate change legislation or regulation.

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



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.

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 9/30/18, Kaiser Aluminum Corporation was 1.1% of the Pax Small Cap Fund. United Parcel Service, Inc. was 0.3% of the Pax Balanced Fund, 0.2% of the Pax Core Bond fund, 1.0% of the Pax ESG Beta Dividend Fund, 0.9% of the Pax ESG Beta Quality Fund and 0.4% of the Pax Ellevest Global Women’s Leadership Fund. Travelers Companies, Inc. was 0.05% of holdings of the Pax Balanced Fund, 0.1% of the Pax Core Bond fund and 0.2% of the Pax Ellevest Global Women’s Leadership Fund. White Mountain Insurance Group Ltd. was 0.2% of the Pax Balanced Fund, 2.5% of holdings of the Pax Small Cap Fund and 2.6% of the Pax Mid Cap Fund. Alphabet, Inc., Class A was 1.1% of holdings of the Pax Balanced Fund, 2.5% of the Pax Large Cap Fund, 1.6% of the Pax ESG Beta Dividend Fund, 2.4% of holdings of the Pax ESG Beta Quality Fund and 1.7% of holdings of the Pax Ellevest Global Women’s Leadership Fund. Alphabet, Inc., Class C was 1.1% of the Pax Balanced Fund, 1.8% of the Pax Ellevest Global Women’s Leadership Fund, .8% of the Pax ESG Beta Quality Fund and 2.5% of the Pax Large Cap Fund. ConocoPhillips was 1.0% of the Pax Balanced Fund, 2.1% of the Pax Large Cap Fund, 0.2% of the Pax ESG Beta Dividend Fund, 0.4% of the Pax ESG Beta Quality Fund, 0.3% of the Pax Core Bond Fund and 0.4% of the Pax Ellevest Global Women’s Leadership Fund. Valero Energy Corp. was 0.2% 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, 0.6% of the Pax ESG Beta Dividend Fund and 0.2% of the Pax Ellevest Global Women’s Leadership Fund. Occidental Petroleum Corp. was 0.1% of holdings of the Pax Balanced Fund, 0.3% of the Pax Core Bond Fund, 0.5% of the Pax ESG Beta Dividend Fund and 0.3% of the Pax Ellevest Global Women’s Leadership Fund. Holdings subject to change. Old Republic International Corp. was not held by any Pax World Funds.

Effective February 26, 2018, the name of the Pax Ellevest Global Women’s Index Fund changed to the Pax Ellevest Global Women’s Leadership Fund.



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