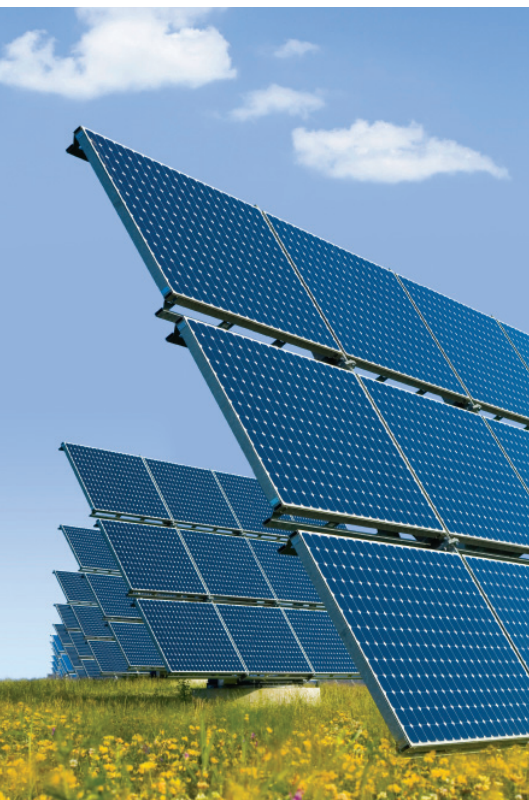


Pax World Management LLC 2014 Corporate Social Responsibility Report



Pax World Management LLC
2014 CSR Report

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A message from Joe Keefe, President and Chief Executive Officer:

I invite you to read Pax World Management LLC's 2014 Corporate Social Responsibility report. The report reviews our progress as an asset manager committed to sustainable investing principles and as a business that seeks to operate in a manner consistent with the environmental, social and governance (ESG) standards we integrate into our portfolios. The report also includes our UN Global Compact Communication on Progress.

At Pax World, our work is focused on sustainability in several ways: by integrating ESG standards into our portfolios, engaging with portfolio companies, innovating new sustainable investment products and by managing our own operations in a responsible manner. In the report, we have outlined our efforts in these areas and provided updates about our ongoing efforts.

One example worth mentioning is that, in 2014, we constructed the first index, the Pax Global Women's Leadership Index, and launched the first mutual fund, the Pax Ellevest Global Women's Index Fund (PXWEX), consisting of the highest-rated companies in the world for advancing women through gender diversity on their boards, in senior management, and through other policies and programs. We launched this Fund in partnership with Ellevest Asset Management, whose principle is Sallie Krawcheck.

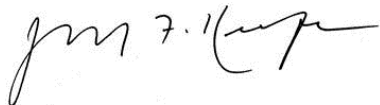
Additionally, in 2014, we announced that the Pax World Growth Fund (PXWGX) had divested its fossil fuel holdings and would pursue a fossil fuel-free investment strategy. In lieu of fossil fuel companies, the Fund will substitute investments in companies that are proactively developing solutions to global sustainability challenges, including climate change, water, food and health care. This is our second fund to pursue a fossil fuel-free investment strategy, joining the Pax World Global Environmental Markets Fund (PGRNX), which has been fossil fuel-free since its launch in 2008.

In this report, you will also find information about our recent efforts to engage companies on a variety of ESG issues, including gender diversity, climate change, corporate governance and sustainability disclosure.

Regarding our own operations, we have continued to report on our ongoing efforts to offset our carbon footprint and our water consumption, through the purchase of offsets that support renewable energy initiatives and restore water to streams.

I want to thank you for taking the time to read our report, and I invite you to provide us with feedback. Moving forward, we will do everything we can to continuously improve our performance and to live up to the vision and values that we have long held at Pax World.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Keefe", with a stylized flourish at the end.

Joseph F. Keefe
President and CEO
Pax World Management LLC

About us:

Pax World Management LLC is a leader in the field of sustainable investing. Sustainable investing is the full integration of environmental, social and governance (ESG) criteria into investment analysis, security selection and portfolio construction. By combining rigorous fundamental financial analysis with equally rigorous ESG analysis, Pax World seeks to identify forward-thinking companies that are leaders in their industries, meet positive standards of corporate responsibility, and focus on the long term.

In developing and managing investment solutions, we seek to respond to the growing community of investment advisors, institutions and individual investors who believe that a company's astute management of its impact on the environment and society as well as its own operational governance are essential factors in its long-term success.

Pax World launched the first socially responsible mutual fund in America. Founders Luther Tyson and Jack Corbett, longtime colleagues working on peace, housing and employment issues for the United Methodist Church, launched the Pax World Fund in 1971 with \$101,000 in assets. The fund provided investors a vehicle that allowed them to align their investments with their values and empowered them to advocate that corporations establish and meet high standards of social and environmental responsibility. Their pioneering work guided development of the sustainable investing industry.

Today, Pax World Management LLC is the investment adviser to a growing family of mutual funds, separate accounts and multi-manager asset allocation strategies. As of December 31, 2014, Pax World Management LLC advises funds with roughly \$3.4 billion in assets under management for individuals, financial advisors, and institutional investors.

Pax World is headquartered in Portsmouth, NH.

***Our Mission Statement:***

Pax World offers investors a selection of professionally managed investment products that seek to invest in forward-thinking companies with sustainable business models. Our primary goal is to produce competitive returns for our investors. By integrating environmental, social, and governance criteria into our investment approach, Pax World also seeks to promote peace, protect the environment, advance equality, and foster sustainable development. Pax World also aims to conduct our business responsibly, minimizing our impact on the environment and working harmoniously with stakeholder groups, including employees, suppliers, clients and other communities of place and interest who are affected by our work.

Our Values Statement:

Pax World strives to be a prudent fiduciary and a careful steward of its shareholders' and clients' assets. In doing so, we embrace the core values of responsibility, respect, honesty, compassion and fairness throughout our interactions with shareholders, employees, business partners and our community.

Responsibility: to our shareholders by meeting the highest fiduciary and ethical standards; to our employees by providing a workplace where they can develop their careers and realize their potential; and to our business partners and stakeholder communities by operating our business according to high standards of corporate citizenship.

Respect: for our shareholders by devoting ourselves to meeting their investment goals and objectives while always giving due consideration to their questions and concerns; for our employees by providing a healthy, collegial work environment where individuality, diversity and teamwork are welcomed and encouraged; for our community by considering our environmental and other impacts on both a local and global scale; and for our business partners by considering our economic impact on their operations.

Honesty: to be forthright and transparent in our communications with our shareholders, our relationships with our employees, our interactions with our communities, and our dealings with business partners.

Compassion: to be considerate of the individual concerns of shareholders; to accommodate our employees' need for work/life balance; to support the needs of our community through charitable contributions and volunteerism; to treat our vendors as valued business partners.

Fairness: to always give due weight to shareholders and put their interests first; to utilize fair hiring practices and offer equal opportunities for advancement to our employees; to support justice in our community; and to maintain integrity in our interactions with our business partners.

Our Customers:

Pax World is committed to providing excellent service to its shareholders, clients and customers. To accomplish that, Pax World strives to provide shareholders, clients and customers with tools to access information about their accounts, report complaints or problems, and protect their privacy, and to report on our performance with respect to those principles. Pax World has established the following policies:

- Assure that all client interactions are monitored for satisfaction on a regular basis, and that problems receive appropriate attention.
- Assure that reports on customer satisfaction are compiled at least quarterly and any significant or ongoing issues are brought to the attention of senior management.
- Assure that all customer inquiries receive an appropriate response within a reasonable period.
- Protect customer privacy as described in our Privacy Policy. We also will monitor any problems related to privacy and respond accordingly.

Developments in Sustainable Investing at Pax World:

As a pioneer in sustainable investing, Pax World has developed a clearly defined, disciplined, systematic, and repeatable investment process, involving the full integration of environmental, social and governance (ESG) criteria into security selection and portfolio construction. In developing and managing investment solutions, we seek to respond to the growing community of investment advisors, institutions and individual investors who believe that a company's astute management of its impact on the environment and society as well as its own operational governance are essential factors in its long-term success.

Impact Investing – “Just as ESG took hold over the past 5 - 8 years as additive to or perhaps a further evolution of, traditional socially responsible investing (SRI), so impact investing has taken hold—and captured a lot of hearts and minds—over the past 3 - 4 years as additive to or perhaps a further evolution of ESG.”¹

Pax World invests in communities and promotes sustainable development, most commonly through ongoing investments in short-term debt instruments issued by non-corporate entities and CDs issued by community banking entities, such as credit unions. By prospectus, each of the Pax World Funds may invest up to 5% of fund assets in community development financial institutions. In practice, we are currently focused on utilizing these vehicles in our fixed income strategies: the Pax World Balanced Fund bond allocation and the Pax World High Yield Bond Fund.

Community Investment Notes and CDs

Regarding short-term debt instruments and CDs, Pax World seeks to invest with organizations that target underserved localities in the areas of affordable housing, small businesses, community development and revitalization, health care, education, women's equality, and the environment, among others. Pax World believes these investments may have a positive direct impact on underserved localities, which is an important principle of our investment and business philosophy.

Green Bonds and Sustainable Infrastructure

Pax World also participates in the burgeoning green bond and sustainable infrastructure fixed income markets, which generally consist of publicly traded debt instruments issued by corporate, municipal, or non-governmental entities. Pax World seeks to invest in securities where the use of proceeds will be used for sustainable infrastructure and development, energy efficiency, renewable energy finance, consumer financing for sustainable technologies, climate change mitigation, and natural resource conservation, among others. We believe these investments may have a positive direct impact on society at large due to their scale and ultimately their lasting impact.

¹ [“Impact: The Next Stage of Sustainable Investing”](#) by Joseph F. Keefe, President & CEO, Pax World Management LLC

As of December 31, 2014, Pax World had roughly \$40.29 million invested in impact investments, compared with roughly \$20.4 million at December 31, 2013. In aggregate, our impact investments represented about 1.2% of our total assets under management at year-ended 2014.

Green Bonds and Sustainable Infrastructure Bonds

Security Name	Fund	Market Value as of 12/31/2014			Yield	Impact Category	Issuer Type
		Balanced	\$				
Alderwood Water and Wastewater District	Balanced	\$	2,663,037.75	12/1/2025	5.15%	Sustainable Infrastructure	Sustainable Infrastructure
Bank of America Green Bonds	Balanced	\$	4,938,204.15	11/21/2016	1.35%	Environment & Energy	Green Bond
Bank of America Green Bonds	High Yield	\$	1,995,234.00	11/21/2016	1.35%	Environment & Energy	Green Bond
California Green Bonds	Balanced	\$	3,630,030.00	10/1/2028	5.0%	Environment & Energy	Green Bond
City of Portland, OR Urban Renewal	Balanced	\$	3,347,829.19	6/15/2018	6.031%	Sustainable Infrastructure	Sustainable Infrastructure
International Finance Corp. (World Bank)	Balanced	\$	4,001,504.00	8/24/2015	0.375%	Environment & Energy	Green Bond
International Finance Corp. (World Bank)	Balanced	\$	1,982,454.00	7/12/2017	0.625%	Environment & Energy	Green Bond
International Finance Corp. (World Bank)	Balanced	\$	3,018,261.00	9/15/2024	2.0%	Environment & Energy	Green Bond
North American Development Bank	Balanced	\$	1,940,144.00	10/26/2022	2.4%	Sustainable Infrastructure	Sustainable Infrastructure
Market Value as of 12/31/2014			\$ 27,516,698.09				

Subject to change.

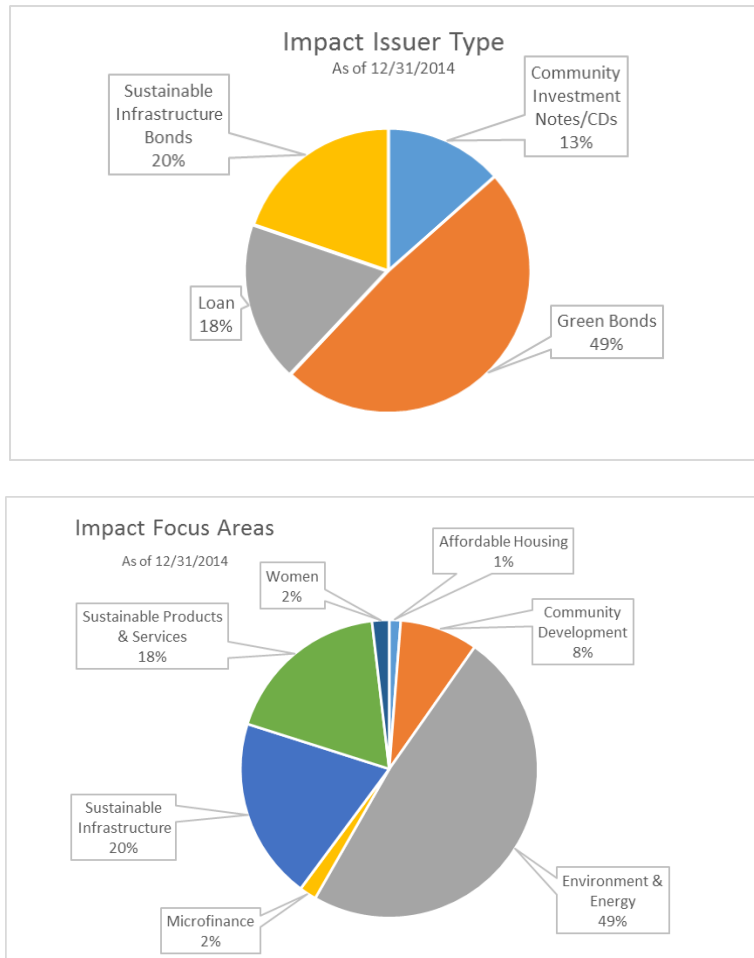
Community Investment Notes/CDs

Security Name	Fund	Market Value as of 12/31/2014			Yield	Impact Category	Issuer Type
		High Yield	\$				
Beneficial State Bank (One PacificCoast Bank)	High Yield	\$	200,000.00	1/8/2015	0.08%	Community Development	Community Investment Notes & CDs
Beneficial State Bank (One PacificCoast Bank)	High Yield	\$	200,000.00	1/21/2015	1.10%	Community Development	Community Investment Notes & CDs
Beneficial State Bank (One PacificCoast Bank)	High Yield	\$	100,000.00	4/8/2015	0.08%	Community Development	Community Investment Notes & CDs
Beneficial State Bank (One PacificCoast Bank)	High Yield	\$	100,000.00	5/10/2017	1.257%	Community Development	Community Investment Notes & CDs
Calvert Foundation	Balanced	\$	1,500,000.00	1/15/2015	1.0%	Community Development	Community Investment Notes & CDs
Calvert Foundation	Balanced	\$	750,000.00	1/15/2015	1.0%	Microfinance	Community Investment Notes & CDs
Calvert Foundation	Balanced	\$	750,000.00	1/15/2015	1.0%	Women	Community Investment Notes & CDs
CEI Investment Notes Inc.	Balanced	\$	256,265.35	11/1/2017	2.0%	Community Development	Community Investment Notes & CDs
Enterprise Community Loan Fund	Balanced	\$	499,988.00	12/11/2015	1.5%	Affordable Housing	Community Investment Notes & CDs
Hope Credit Union	Balanced	\$	100,000.00	5/7/2015	0.75%	Community Development	Community Investment Notes & CDs
Self-Help Credit Union	High Yield	\$	100,000.00	1/4/2015	0.55%	Community Development	Community Investment Notes & CDs
Self-Help Credit Union	Balanced	\$	417,208.51	12/31/2100	1.00%	Community Development	Community Investment Notes & CDs
Tom's Shoes, LLC	High Yield	\$	7,355,040.00	10/1/2020	1.0%	Sustainable Products & Services	Loan
Urban Partnership Bank	High Yield	\$	100,000.00	2/6/2015	0.20%	Community Development	Community Investment Notes & CDs
Urban Partnership Bank	High Yield	\$	100,638.90	7/1/2015	0.30%	Community Development	Community Investment Notes & CDs
Urban Partnership Bank	Balanced	\$	248,000.00	3/19/2016	0.20%	Community Development	Community Investment Notes & CDs
Market Value as of 12/31/2014			\$ 12,777,140.76				

Note: the three Calvert Foundation entries are one note product (\$3MM). The Calvert Foundation provides information to Pax World about the note's targeted impact annually. Subject to change.

Pax World's investments in Calvert Social Investment Foundation Notes are targeted to the NH Community Loan Fund (\$1.5 million), Women Investing in Women Initiative or WIN-WIN (\$750,000) and International Microfinance & Fair Trade (\$750,000).

Additionally, in 2014, Pax World provided funding to Tom's Shoes, a socially responsible footwear company. The company's business model combines commerce with philanthropy. For each purchase of the company's products, Tom's Shoes will help a person in need. Initially, in 2006, the company would give a child in need one pair of new shoes for every pair of shoes purchased (One for One). In 2011, the company expanded its offerings to eyewear and continued the One for One model. According to the company, Tom's has given more than 35 million pairs of new shoes to children in need and helped restore sight to over 250,000 people.



Source: Pax World Sustainability Research Department, 2014. Subject to change.

Pax Ellevest Global Women's Index Fund – **“Gender inequality is the defining human rights issue of our time.”²**

In 2014, Pax World launched the Pax Ellevest Global Women's Index Fund. The Fund, which is managed by Pax Ellevest Management LLC, is the result of a partnership between Pax World Management LLC and Ellevest Asset Management LLC, whose principal is Sallie Krawcheck. Pax World and Ellevest came together because they share the same vision about the critical role that gender diversity plays in business success over time, as well as the investment opportunity associated with investing in women. Pax World has long been a recognized leader in investing in women and advocating for greater representation of women on boards. Ms. Krawcheck, one of the most powerful advocates for women in the financial services industry, was intimately involved in the design and construction of the Pax Ellevest Global Women's Index Fund, as well as the Index upon which it is based, and is not only Chair of Pax Ellevest Management LLC, but a trustee of the Fund.

The Pax Global Women's Leadership Index is a customized index of the highest-rated companies in the world in advancing women, as rated by Pax World Gender Analytics, and that meet key environmental,

² [“United Nations Women's Empowerment Principles Leadership Award”](#) by Joseph F. Keefe, President & CEO, Pax World Management LLC

social and governance (ESG) standards, as rated by MSCI ESG Research. Companies are rated by Pax World Gender Analytics based on multiple criteria of gender leadership, including:

- Representation by women on the board of directors
- Representation of women in executive management
- Woman CFOs
- Woman CEOs
- Whether they are signatories to the Women's Empowerment Principles, a joint initiative of the UN Global Compact and UN Women.

Please visit www.paxellevate.com for more information about the Pax Ellevest Women's Index Fund.

Board Diversity Shareholder Resolutions

Since 2012, we have filed seven shareholder proposals on the topic of board diversity. In general, these proposals ask that companies adopt gender diversity policies for their boards, report on plans to increase diverse representation on their boards and provide an assessment of those efforts. Proposals were withdrawn at Territorial Bancorp, Oasis Petroleum, Stericycle, Hospitality Properties Trust and Roper Industries after the companies adopted language in their governance documents specifying gender diversity as a criterion in all director searches and/or enhanced their proxy statement disclosure with regard to diversity. Although the proposal at Riverbed Technology was withdrawn for technical reasons, the company still agreed to engage with us and made similar changes to its corporate governance documents. In 2013, Riverbed Technology appointed a woman to its board.

Proxy Voting Guidelines

Pax World has an innovative proxy voting policy aimed at promoting greater gender diversity on corporate boards: we not only oppose corporate board slates that do not include any women, but in most cases we require that at least two women be on the board before we consider supporting the slate for the simple reason that the benefits women bring to boards are best realized when female representation reaches critical mass. Where we oppose the slate, we write directly to each company to explain the reason for our opposition, urge them to take concrete steps to diversify their boards and provide them with model charter language for their nominating committee establishing a board diversity policy and process for implementation.

Since 2010, Pax World has voted against or withheld support for director nominees at more than 800 companies due to insufficient gender diversity. During the 2013-2014 proxy season, Pax World withheld support from over 130 slates of board nominees due to insufficient gender diversity.

In 2014, Pax World received responses from several companies, including Cinemark, Inc. (CNK), Evolving Systems, Inc. (EVOL), Fox Chase Bancorp (FXCB) and Chicopee Bancorp (CBNK) to our letters regarding the absence of women on their boards of directors. In November 2014, Cinemark appointed a woman to its board.

Climate Change – “...we need to deploy a host of strategies—as citizens, consumers and investors—to address the developing catastrophe of climate change, and we must do so with a sense of urgency and resolve.”³

³ [“Fossil Fuels and Sustainable Investing”](#) by Joseph F. Keefe, President & CEO, Pax World Management LLC

Pax World has viewed climate change as a material risk and opportunity factor in our investment analysis for many years. We believe a firm's effort to mitigate risks and adapt to climate change is a robust and increasingly important indicator of both the overall quality of a company's management and its ability to add value over the long term.

Pax World evaluates each firm's management of climate change risks by examining, among other factors, its past performance and whether the company has policies and programs in place to address these issues. While the means and methods to address climate change vary widely among industries, virtually any company can mitigate the impact and reduce costs by addressing its use of energy, both in terms of efficiency and source (e.g., renewable vs. fossil fuel). Pax World believes that physical risk should also be part of any company's overall assessment of climate-related challenges, and it seeks to invest in companies that understand and take steps to reduce their liability for any or all risks associated with a warming climate, including sea-level rise, access to fresh water and increasing severity or frequency of floods, fires, droughts and severe storms.

In our actively managed Funds, Pax World avoids investing in companies significantly involved in coal or the production of oil from tar sands, which are the most carbon-intensive fossil fuels. We also seek to avoid electric utilities whose reliance on coal exceeds the national average. With respect to oil and gas companies, we pursue a best-of-class approach. For example, Pax World favors companies that have environmental management policies and programs designed to mitigate the risks associated with oil and gas production. Pax World takes into account several factors, which may include a company's level of disclosure on carbon emissions, biodiversity and land use and health and safety. Pax World generally seeks to avoid companies with poor regulatory compliance records, as well as companies that lack any meaningful programs and policies to address these concerns.

We also actively engage fossil fuel companies and advocate with government regulators on a host of climate-related issues, including disclosing greenhouse gas emissions and reporting on climate-related risks.

In 2013, we wrote to every fossil fuel company in our portfolios asking about how those companies are planning to deal with the issue of unburnable carbon, or the carbon bubble. Currently, we, along with other signatories to the United Nations Principles for Responsible Investment, are engaging with several fossil fuel companies on the issues of methane emissions and water use, among other things.

Additionally, Pax World works with other investors to address climate change-related issues. We are a member of Ceres and the Investor Network on Climate Risk and have been a signatory to every initiative launched by the CDP (formerly the Carbon Disclosure Project). We have participated in advocacy on CDP responses and the CDP Leadership Index through the United Nations Principles for Responsible Investment, and we were one of the firms that successfully petitioned the Securities and Exchange Commission (SEC) to provide interpretive guidance regarding corporate disclosure of climate change-related risks and opportunities in 2007 (the SEC issued that guidance in 2010). We were one of many firms that encouraged the Environmental Protection Agency (EPA) to require reporting of greenhouse gas emissions, which it did in 2011. Pax World is also a member of the United Nations Environment Programme Finance Initiatives, and we serve on the Asset Management Working Group and the Climate Change Working Group there. Both working groups have significantly advanced the concept of materiality of environmental and social issues, including climate change, among investment managers.

Finally, in May 2014, Pax World announced that the Pax World Growth Fund had divested its fossil fuel holdings and would henceforth pursue a fossil fuel-free investment strategy. In lieu of fossil fuel companies, the fund will substitute investments in companies that are proactively developing solutions to global sustainability challenges, including climate change, water, food and health care.

Similarly, the Pax World Global Environmental Markets Fund, which has been fossil fuel-free since inception, invests in resource efficiency or optimization strategies across four sectors of what we call “environmental markets:” energy efficiency and renewable energy; water and pollution control; waste and resource management; and sustainable food and agriculture.

UN Principles for Responsible Investment (UN PRI):

As a signatory to the UN PRI, we endeavor to be transparent about how we integrate ESG issues into our investment process, how we engage with entities in which we invest, and how we seek to promote sustainable business practices.

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

- Pax World has long been recognized as a leader in sustainable investing, the full integration of environmental, social and governance (ESG) factors into investment analysis, security selection, portfolio construction and risk management. Our investment approach combines rigorous ESG analysis with equally rigorous financial analysis in an effort to identify better-managed companies that meet positive corporate responsibility standards, have a clear vision for managing risk, and are focused on delivering long-term value to shareholders.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

- At Pax World, we believe engaged shareowners can play an important role in improving the financial, environmental, social and corporate governance performance of the companies they are invested in. Our shareowner advocacy efforts are aimed largely at helping the companies we invest in limit their ESG related liabilities and take advantage of ESG-related opportunities to create financial value for their shareholders.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

- Pax World routinely engages companies on such issues as ESG disclosure, executive compensation, climate change, board diversity/women's empowerment, worker safety and human rights, among others.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

- Pax World has participated in several UN PRI sponsored engagements, which seek to promote acceptance and implementation of the Principles and increase the transparency of ESG issues.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

- While most of our dialogues are conducted directly between us and specific companies, we also work with other shareowners and stakeholders in broader dialogues, including Ceres, the Carbon Disclosure Project (CDP), the UN PRI and other groups.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

- Pax World has publicly published sustainability data since we became a signatory to the United Nations Global Compact in 2010. Our current sustainability reporting structure builds on our previous efforts and includes information about new product initiatives and details how we demonstrate our commitment to serving the needs and advancing the goals of our employees, shareholders, and clients, and being a responsible corporate citizen in the communities where we do business. Pax World has published two sustainability reports.

Shareholder Engagement:

Pax World engages with its portfolio companies to improve their ESG performance. Our company engagement efforts are aimed largely at greater corporate sustainability, transparency and accountability. It is for these reasons that we:

- Vote shareholder proxies in accordance with our ESG criteria
- Engage management in dialogue on issues of concern
- Initiate or support shareholder resolutions at annual shareholder meetings aimed at persuading companies to adopt higher standards of corporate responsibility
- Support public policy initiatives that promote greater corporate sustainability, transparency and accountability

Pax World selected four focus areas for our 2014-2015 engagement efforts: **gender diversity, climate change, corporate governance and sustainability disclosure.**

- **Pax World has lead/co-filed seven resolutions for 2014/2015 seasons**

- **Ultra Petroleum (UPL)**: Requests the company publish a sustainability report on an annual basis. Specifically, we think the company should set quantitative and time-bound goals for reducing greenhouse gas (GHG) emissions.
- **Amazon.com (AMZN)**: Requests the company publish a sustainability report on an annual basis.
- **eBay (EBAY)**: Requests a report on plans to increase diverse representation on the board and an assessment of those efforts. Encourages the company to include women and ethnically diverse candidates in the board nominee pool; expand director searches to non-traditional environments.
- **Google (GOOG)**: Requests a report on lobbying; policies and procedures, direct & indirect lobbying payments; decision making process and oversights by management or board for making payments.
- **Territorial Bancorp, Inc. (TBNK)**: Requests increased disclosure on board diversity policies.
- **Oasis Petroleum, Inc. (OAS)**: Requests increased disclosure on board diversity policies.
- **Devon Energy, Inc. (DVN)**: Requests that the company review its oversight and processes along with political and lobbying expenditures related to public policy advocacy on energy policy and climate change.

- **Sustainability Disclosure**

- Together with other investors, we continue to work to increase ESG disclosure among small cap companies. Alongside Walden Asset Management, we have coordinated a joint letter with other asset owners (with a combined AUM of \$43 billion) to small cap companies. In particular, Pax World has written to **Laclede Group (LG)** (a gas utility) and **Landstar System (LSTR)** (a trucking company) regarding ESG disclosure. We have received positive responses from both companies and dialogues are ongoing.

- **Engagement by fund**
 - **Balanced Fund**
 - Letters to **3M (MMM)** and **PepsiCo (PEP)** asking the companies to set new GHG reduction targets
 - Shareholder resolution at **Amazon.com (AMZN)** asking for a sustainability report
 - Shareholder resolution at **eBay (EBAY)** asking for increased board diversity
 - Shareholder resolution at **Google (GOOG)** asking for increased disclosure about lobbying activities
 - **Growth Fund**
 - Letters to **3M (MMM)**, **General Mills (GIS)**, and **PepsiCo (PEP)** asking the companies to set new GHG reduction targets
 - Shareholder resolution at **Amazon.com (AMZN)** asking for a sustainability report
 - Shareholder resolution at **eBay (EBAY)** asking for increased board diversity
 - Shareholder resolution at **Google (GOOG)** asking for increased disclosure about lobbying activities
 - Letter to **Landstar System (LSTR)** asking the company to provide ESG-related performance data to shareholders
 - Shareholder resolution at **Devon Energy, Inc. (DVN)** that requests that the company review its oversight and processes along with political and lobbying expenditures related to public policy advocacy on energy policy and climate change.
 - **Small Cap Fund**
 - Shareholder resolution at **Ultra Petroleum (UPL)** asking the company to publish a sustainability report on an annual basis. Specifically, we think the company should set quantitative and time-bound goals for reducing greenhouse gas (GHG) emissions.
 - Shareholder proposal at **Territorial Bancorp, Inc. (TBNK)** that requests increased disclosure on board diversity policies.
 - Shareholder proposal at **Oasis Petroleum, Inc. (OAS)** that requests increased disclosure on board diversity policies.
 - Letters to **Chicopee Bancorp (CBNK)**, **Cinemark (CNK)**, **Evolving Systems (EVOL)** and **Fox Chase Bancorp (FXCB)** asking companies about lack of women on board of directors; plans to address that lack of diversity in senior leadership
 - Letter to **Laclede Group (LG)** asking the company to provide ESG-related performance data to shareholders
 - **High Yield Fund**
 - Letter to **H.J. Heinz** asking for information about how the company manages water-related risks

The following is a list of shareholder resolutions Pax World has filed or co-filed with other investors in the past five years, including proposals filed in calendar year 2014 to be presented in 2015:

Proxy Year	Issue/Ask	Company Name	Lead File/Co-file	Outcome
2015	Sustainability Reporting/Methane Emissions	Ultra Petroleum Corp. (UPL)	Co-file	Pending AGM
2015	Board Diversity Policies	eBay, Inc. (EBAY)	Co-file	Pending AGM
2015	Sustainability Reporting	Amazon.com, Inc. (AMZN)	Co-file	Pending AGM
2015	Political Influence	Google, Inc. (GOOG)	Co-file	Pending AGM
2014	Political Influence/Climate Change	Devon Energy Corp. (DVN)	Lead File	27%
2014	Board Diversity Policies	Territorial Bancorp, Inc. (TBNK)	Lead File	Successfully Withdrawn
2014	Board Diversity Policies	Oasis Petroleum, Inc. (OAS)	Lead File	Successfully Withdrawn
2013	Data Privacy & Security	Amazon.com, Inc. (AMZN)	Lead File	Successfully Withdrawn
2013	Lead Battery Recycling	Google, Inc. (GOOG)	Lead File	7%
2013	Board Diversity Policies	Stericycle, Inc. (SRCL)	Lead File	Successfully Withdrawn
2013	Board Diversity Policies	Hospitalities Properties Trust (HPT)	Lead File	Successfully Withdrawn
2013	Political Influence	Nucor Corp. (NUE)	Co-file	27%
2013	Political Influence	Pfizer, Inc. (PFE)	Co-file	Omitted by SEC
2012	Climate Change & Energy Use	Amazon.com, Inc. (AMZN)	Co-file	18%
2012	Political Influence	Amgen, Inc. (AMGN)	Lead File	19%
2012	Political Influence	Target Corp. (TGT)	Lead File	Successfully Withdrawn
2012	Political Influence	PepsiCo, Inc. (PEP)	Co-file	7%
2012	Board Diversity Policies	Riverbed Technologies (RVBD)	Lead File	Withdrawn for Technical Reasons
2012	Board Diversity Policies	Roper Industries, Inc. (ROP)	Lead File	Successfully Withdrawn
2011	US Chamber of Commerce Membership	3M Co. (MMM)	Co-file	Floor Vote
2011	US Chamber of Commerce Membership	ConocoPhillips (COP)	Co-file	Floor Vote
2011	US Chamber of Commerce Membership	Pfizer, Inc. (PFE)	Co-file	Floor Vote
2011	Political Influence	Pfizer, Inc. (PFE)	Co-file	Successfully Withdrawn
2011	Hydraulic Fracturing Risk Report	Southwestern Energy (SWN)	Co-file	Successfully Withdrawn
2011	Sustainability Reporting	St. Jude Medical, Inc. (STJ)	Co-file	Successfully Withdrawn
2010	Oil Sands Involvement	ConocoPhillips (COP)	Co-file	22%
2010	Political Influence	CVS Caremark (CVS)	Lead File	34%
2010	Advisory Vote on Executive Compensation	EMC Corp. (EMC)	Co-file	52%
2010	Advisory Vote on Executive Compensation	PepsiCo, Inc. (PEP)	Co-file	Successfully Withdrawn
2010	Advisory Vote on Executive Compensation	Target Corp. (TGT)	Lead File	49%
2010	Advisory Vote on Executive Compensation	Terex Corp. (TEX)	Lead File	Successfully Withdrawn
2010	Advisory Vote on Executive Compensation	The Procter & Gamble Co. (PG)	Co-file	Successfully Withdrawn
2010	Independent Chairman of the Board	Union Pacific Corp. (UP)	Lead File	18%
2010	Independent Chairman of the Board	XTO Energy, Inc. (XTO)	Lead File	Company acquired before AGM

Holdings are subject to change.

Proxy Voting:

Pax World invests in companies in a variety of countries and markets, and as shareowners, we are entitled to vote on items on their annual proxy at each year's annual shareholder meeting. Each year, Pax World votes on hundreds of ballot items put forth by company management and shareholders ranging from board of director elections, executive compensation and capital structure to environmental and social issues. We vote each proxy in a way that is consistent with our ESG criteria. Pax World exercises our proxy voting responsibility seriously, as it provides another avenue through which to promote improved financial performance and improved ESG policies and practices at companies.

Our proxy voting guidelines are available [here](#) and we publicly disclose our [votes](#) for both upcoming and past meetings. In 2014, we voted 439 meetings with over 6,000 proposals. You can also view our 2014 Form N-PX (Annual Report of Proxy Voting Record) for [Pax World Funds Series Trust I](#) and [Pax World Funds Series Trust III](#).

Diversity & Inclusion:

Pax World is an equal opportunity employer and follows a policy of administering all employment decisions and personnel actions without regard to age, sex, gender identity and expression, sexual orientation, race, color, marital status, pregnancy, physical or mental disability, genetics or genetic information, family health history, religion, national origin, or veteran status, or any other category protected under applicable federal, state or local law.

At Pax World, diversity is a guiding principle as well as an investment concept. We embrace gender diversity in our business for the same reason that we promote gender diversity among the companies we invest in: when women are at the table, we believe the discussion is richer, the decision-making process is better, and the organization is stronger.

Two of the six funds we manage in-house are managed by women; five of the 10 senior executives who sit on our management committee are women. Overall, in 2014, 44% of our total workforce was comprised of women.

Pax World conducts an annual gender pay equity survey. The results of that survey are in the tables below. In any company as small as Pax World, a disparity may arise in pay equity due to the compensation of one or two individuals, and those differences may arise due to variations in qualifications and responsibilities.

Job Function Salary Ratio (Women to Men)*	2013	2014
Senior Managers	83% (6)	71% (8)
Portfolio Managers & Senior Analysts	131% (7)	121% (8)
Managers	78% (7)	107% (5)
Professional Staff	100% (25)	87% (31)

*Parentheses denote the number of employees in the job category.

In 2013, Pax World changed our data collection method for our pay equity report. The following table includes all data collected before 2013.

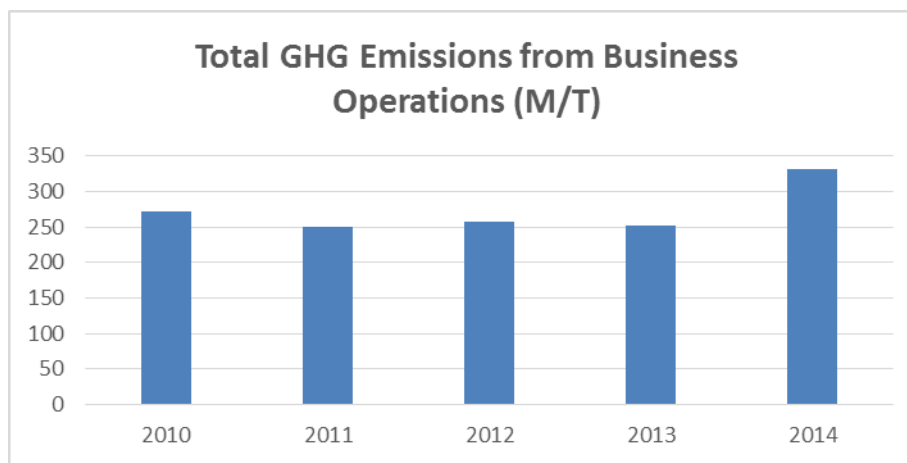
Pay Equity Report (Female/Male)*	2010	2011	2012
Portfolio Managers	133%	132%	127%
Senior Vice Presidents	73%	72%	75%
Senior Managers	130%	127%	119%
Senior Analysts	119%	113%	109%
Analysts	136%	100%	96%
Professional Staff	97%	96%	106%
General Staff	138%	138%	141%

*Initial data collected in 2010

Our Environmental Impact:

Pax World believes that environmental stewardship is important for every business. Recognizing that our own operations affect the environment, Pax World strives to hold ourselves to the same standards that we expect of the companies in our portfolios. As part of this commitment, Pax World seeks to conduct business in a way that minimizes our environmental footprint while enhancing stakeholder value for our customers, employees, suppliers and communities.

In support of this effort, Pax World has committed to measure, analyze and reduce our contributions to global climate change and consumption of resources, including energy, water and materials. Pax World has partnered with Native Energy to offset our carbon footprint, which includes business travel, employee commuting and building energy use.



Pax World has partnered with the Bonneville Environmental Foundation (BEF) to purchase Water Restoration Certificates (WRC), which offset our water consumption at our office in Portsmouth, NH. Every WRC purchased by Pax World represents 1,000 gallons of water restored to streams, through projects certified by the National Fish & Wildlife Foundation. Pax World purchased 145 WRCs to offset our water use for calendar year 2014.



Environmental Impact of the Management Company	2010	2011	2012	2013	2014
Total GHG Emissions from Business Operations (M/T)*	272.16	250.00	257.00	252.35	331.00
Total Electricity Consumption from Business Operations ('000 kWh)	95.68	96.51	81.50	90.98	89.82
Total Natural Gas Consumption from Business Operations (Therms)	N/A	2855.00	2879.00	3303.00	3492.00
Total Water Consumption from Business Operations ('000 gallons)	N/A	N/A	157.80	171.59	145.11
*Data from years 2009 and 2010 were converted from short tones into metric tones per EIA guidelines					
< http://www.eia.gov/tools/faqs/faq.cfm?id=7&t=2 >					

Additionally, Pax World's existing environmental policies and programs include measures to minimize the use of office supplies, including paper, glass, metal, plastic and batteries, and recycle what we do use. Employees operating at remote locations are also expected to recycle their office waste.

Pax World prefers the use of digital marketing and advertising as a way to reduce paper consumption and other related environmental impacts. When choosing which marketing materials to print, we favor those that have longer shelf lives. Additionally, we seek to print only what we need using sustainably-sourced paper and less toxic alternatives to conventional petroleum-based ink products.

Pax World has undertaken composting at its Portsmouth, NH office. Using the services of a local company, Mr. Fox Composting, we are composting items such as food scraps, sugar packets, coffee grounds & filters, paper towels, teabags & tea, flowers and floral trimmings and wax paper liners.

Information Technology (IT):

There are three areas within IT where we actively manage our impact: purchase, use and disposal. When purchasing new equipment from our primary PC provider, Dell, Pax World opts to participate in their plant a tree program. For a nominal fee at the time of purchase, Dell will plant a tree to offset the approximate carbon emissions associated with the useful life of the product. More information on this program can be found here: [Dell's Plant a Tree Program](#) *(Pax World and ALPS Distributors, Inc. are not responsible for the content on this website.)*

Additionally, Pax World does a number of things to reduce the impact of our information technology systems while in service. In order to reduce electricity consumption, we instituted a policy through an "Active Directory" that puts our computer monitors to sleep when not active. More recently, we have begun transitioning to Virtual Servers where multiple server Operating Systems are running on a single physical server. This has also cut power consumption by electronic equipment that is usually operating 24/7.

Further, our securities trading environment that was built in 2007 required four physical servers, each with its own function and Operating System and drawing on its own power. Upon the completion of a major software upgrade, we will have just two servers operating, which will cut the power consumption of our securities trading environment by half.

Over the longer term, the number of individual pieces of equipment in our server room (currently >12) will be reduced to approximately 25% of today's total, as we increasingly move to virtualization both inside and outside the organization (utilization of the cloud). Further reading can be found here: [Energy Star: Server Virtualization](#) *(Pax World and ALPS Distributors, Inc. are not responsible for the content on this website.)*

Finally, we rely on [Newport Computer Services](#) *(Pax World and ALPS Distributors, Inc. are not responsible for the content on this website.)*, a local third-party e-waste recycling service provider, for the disposal of old electronic equipment. Newport's goal is zero landfill waste through the harvest of computer components for recycling, which we believe is in line with Pax World's sustainability efforts.

Community Involvement:

In keeping with Pax World's social mission, all full-time Pax World employees receive four days paid time off per year to do volunteer work during regular business hours for an established non-profit, or community service organization of their choice. In support of this program, Pax World regularly participates in the United Way's group volunteer opportunities in the seacoast community of New Hampshire. In 2014, Pax World employees volunteered 160 hours of their time to the following organizations:

Judson Collegiate Women's Leadership Conference
United Way Day of Caring – North River Preserve

United Way Day of Caring – Raitt Homestead Farm Museum
United Way Penny-Smart Kids Program
Ceres

In addition, Pax World's employees self-reported another 72 hours of volunteer work during non-business hours at other non-profit organizations.

Pax World supports its employees in their desire to improve the communities where they live and work by offering a matching gift program wherein the company matches certain employee donations to eligible non-profits. In 2014, Pax World matched \$2,750 in employee contributions to the following organizations:

American Cancer Society
Boston's NPR
Ceres
Clarke Schools for Hearing and Speech
Compassion & Choices
Dana-Farber Cancer Institute
Lymphoma Research Foundation
Massachusetts Society for the Prevention of Cruelty to Animals
National Multiple Sclerosis Society (Greater New England Chapter)

NH Food Bank
NH Society for the Prevention of Cruelty to Animals
On Belay
Pediatric AIDS Coalition at UCLA
Seacoast Family Promise
Special Olympics - New Hampshire
The Humane Society of the United States
Women Thrive Worldwide

In 2014, Pax World sponsored a family in need during the holidays through the Seacoast Community School. Employees donated gifts from the family wish list, as well as \$1,090 cash, which the company matched on top of the regular matching donations. Due to the generosity of our employees and the company, we were able to purchase everything on the family's wish list and more. In addition, Pax World hosts a year-round donation drive to Cross Roads House, a homeless shelter and support for individuals and families in Portsmouth, NH.

In 2014, Pax World made \$117,350 in corporate donations/sponsorships to the following organizations:

African Burying Ground Trust Fund
American Cancer Society (Relay for Life)
American Lung Association
NH Stiletto Race supporting Big Brothers/Big Sisters of Greater Seacoast
Campaign for Legal Services

Ceres
Croatan Institute
Crossroads House
CUESA (Center for Urban Education about Sustainable Agriculture)
Education for All Children (EFAC)

Families First Health and Support Center
 Foundation for the Global Compact (Annual Contribution)
 Foundation for the Global Compact (Women's Empowerment Principles Event)
 Friends Forever
 Lehman College Foundation
 Mercy Corps
 Music Hall of Portsmouth
 New Economy Coalition (Commonbound Conference)
 New Generation
 New Hampshire Public Television (Granite State Challenge)
 NH Businesses for Social Responsibility
 NH Community Loan Fund
 NH Humanities Council
 NH Society for the Prevention of Cruelty to Animals

On Belay
 Save the Indoor Portsmouth Pool
 Seacoast Community School
 Seacoast Family Promise
 Share Our Strength (Taste of the Nation 2014)
 Shared Interest (20th Anniversary Event)
 Shared Interest (Bishop Desmond Tutu Event)
 Silicon Valley Toxics Coalition (Solar Scorecard)
 Slow Money
 Southeast Land Trust of NH
 Spaulding Youth Center
 The Way Home
 Warren B. Rudman Center for Justice (UNH School of Law)
 Women Thrive Worldwide
 Women's eNews
 Women's Fund of NH
 World Affairs Council of NH

In the past, Pax World has also contributed to the following organizations: Arts in Reach, As You Sow, City Year NH, Clean Air-Cool Planet, Fill the Gap, Inc., Friends of the Bridges House, Global Citizens Circle, Heritage House Program at Strawberry Banke, NH Community Development Finance Authority (CDFA), NH Public Radio, Palace Theatre (Manchester, NH), Portsmouth Public Library, Project CoolAir, Seacoast Repertory Theatre, The Children's Heart Foundation, The Community Child Care Center of Portsmouth, NH, The Housing Partnership, The Jimmy Fund Big Red Golf Tournament, The National Council for Research on Women, The NH Humanities Council, The Women's Funding Network and Women's Voices for the Earth.

Charitable Giving	2010	2011	2012	2013	2014
Cash Value of Corporate Donations/Sponsorships	\$ 27,500	\$ 63,359	\$ 54,700	\$ 52,455	\$ 117,350

Global Citizen Program:

Pax World's Global Citizen Program enables Pax World shareholders to earmark portions of their dividends and/or capital gains as a contribution to one of two non-profit organizations that are working to alleviate poverty, empower women and promote sustainable development around the globe, Mercy Corps and Women Thrive Worldwide.

Global Citizen Program - Shareholder Donations	2012	2013	2014
Mercy Corp	\$ 44,428.33	\$ 190,040.93	\$ 167,673.35
Women Thrive Worldwide	\$ 165.62	\$ 1,888.37	\$ 3,907.70

In October 2008, total shareholder donations to Mercy Corps through the Global Citizen Program exceeded \$1 million for the first time in the program's 10 year history.

Memberships and affiliations:

Pax World partners with numerous organizations to advance the field of sustainable investing. For example, Pax World currently is a member of or affiliated with, or sponsors the following organizations:

- Ceres (Coalition for Environmentally Responsible Economies)
- Interfaith Center on Corporate Responsibility
- The Investor Network on Climate Risk
- The Forum for Sustainable and Responsible Investment (USSIF)
- NH Businesses for Social Responsibility
- The Sustainable Investment Research Analysts Network
- United Nations Environment Programme Finance Initiatives (UNEPFI)
 - UNEPFI North American Task Force
 - UNEPFI Asset Management Working Group
 - UNEPFI Climate Change Working Group
 - UNEPFI Natural Capital Declaration
- United Nations Principles for Responsible Investment

There is a wide variety of initiatives in which Pax World is involved that are designed to address specific sustainability issues or advance sustainability in a particular sector. Pax World is proud to be a part of:

- CDP (Formerly The Carbon Disclosure Project)
- CDP Water Disclosure Project
- CDP Forests Program
- CDP Carbon Action
- Global Initiative for Sustainability Ratings: GISR
- Thirty Percent Coalition
- UN Global Compact
- UN Principles for Investors on Inclusive Finance
- Women Thrive Worldwide
- Women's Empowerment Principles

Additionally, as a member of the financial services industry, Pax World is a member of the Investment Company Institute (ICI), which is the national association of US investment companies, including mutual funds, closed-end funds, exchange-traded funds (ETFs) and unit investment trusts (UITs) and the NISCA, a nonprofit trade association that provides the global investment management industry with discussion and education forums to better serve its customers by developing operational best practices.

Corporate Governance:

Pax World is committed to the highest standards of ethics, business integrity and corporate governance. As the adviser to the Pax World family of mutual funds, we have a fiduciary responsibility to the funds' shareholders. To that end, Pax World's corporate governance practices are designed to establish and preserve accountability and transparency, while avoiding conflicts of interest (or even the appearance of conflict). Although our funds' shareholders' interests always come first, we also believe that we have a moral and ethical obligation to our employees, suppliers and the communities in which we operate.

Pax World Management LLC is a privately-held company incorporated in the State of Delaware and overseen by a five member board of directors, which includes our Chief Executive Officer and Chief Investment Strategist.

The mutual funds we manage are held in two business trusts established in Massachusetts (Pax World Funds Series Trust I and Pax World Funds Trust III). The trusts are each overseen by an eight-member board of trustees. Six of the eight trustees on each board are independent, including the chairman of both boards, John Liechty, who is a non-executive, independent member of the board.

Three of the trustees of the board of Pax World Funds Series Trust I are women and four of the trustees of the board of Pax World Funds Series Trust III are women, and the board's nominating committee charter provides: "In considering and evaluating candidates, (a) the Committee shall strive to achieve and maintain diversity of membership on the Board, including (but not limited to) diversity of race, gender, culture, thought and geography, which the Board believes are key attributes of a well functioning board."

Pax World is equally committed to managing our own operations in a sustainable manner. Currently, Pax World's sustainability efforts are overseen by our Corporate Social Responsibility (CSR) Committee, which is chaired by our CEO. Members represent various departments throughout the company. The CSR Committee is responsible for Pax World's CSR initiatives, reporting and conducting periodic employee training on the company's environmental policies & procedures and developing ways to reduce Pax World's environmental footprint.

Human Resources:

Work/Life Benefits:

Pax World strives to provide its employees a friendly, collegial, professional work environment. In addition to a competitive benefits package, Pax World offers employees the following:

- Pax World employees are provided with paid time off for volunteer work during regular business hours. Each employee is provided four paid volunteer days per year to work at an established non-profit organization.
- \$250 annual Matching Gift Program wherein the company matches certain employee donations to eligible non-profits.
- Full time Pax World employees are eligible to receive \$2,000 (\$1,000) lump sum cash payment for the purchase or lease of a new (used) hybrid gas-electric vehicle.
- Pax World reimburses eligible employees for tuition expenses up to \$5,000 per year/\$15,000 per lifetime.
- Pax World offers an Adoption Reimbursement program, where the employer will reimburse eligible employees up to \$5,000 in adoption expenses, per adopted child.
- Pax World offers a free Employee Assistance program to all employees and their household members. This program offers 24/7 confidential help on work and life issues.

Occupational Safety:

Pax World is committed to maintaining a healthy and safe work environment and to eliminating recognized safety and health hazards in the workplace. While employee safety and health hazards are limited and exposure to dangerous mechanical equipment and hazardous materials is minimal, Pax World has a Safety & Health Committee. The committee meets quarterly and coordinates such activities as annual employee safety training, emergency evacuation drills and on-site flu shots.

Pax World is cognizant of the risks posed to its employees by working in an office environment. To mitigate these risks, Pax World provides periodic ergonomics training and endeavors to provide preventative workplace solutions for employees on an individual basis.

About this report:

Pax World has publicly published sustainability data since we became a signatory to the United Nations Global Compact in 2010. In March 2014, Pax World published its first Corporate Social Responsibility (CSR) report. We invite you to review these reports to learn more about our company and our investment process. As always, we appreciate any feedback to help us improve our sustainability reporting process.

E-mail: info@paxworld.com

—or—

Pax World Mutual Funds
ATTN: CSR Committee
30 Penhallow Street, Suite 400
Portsmouth, NH 03801

Key Performance Metrics	2010	2011	2012	2013	2014
Environmental Impact of the Management Company					
Total GHG Emissions from Business Operations (M/T) *	272.16	250.00	257.00	252.35	331.00
Total Electricity Consumption from Business Operations ('000 kWh)	95.68	96.51	81.50	90.98	89.82
Total Natural Gas Consumption from Business Operations (Therms)	N/A	2855.00	2879.00	3303.00	3492.00
Total Water Consumption from Business Operations ('000 gallons)	N/A	N/A	157.80	171.59	145.11
Employees					
# of employees	46	47	46	47	54
Employee Volunteer Hours	183	202	116	204	160
Cash Value of Employer Matching Donations	\$ 2,705	\$ 3,684	\$ 2,418	\$ 2,868	\$ 2,750
Hybrid Vehicle Incentive Participation (# of employees)	1	0	0	2	6
Hybrid Vehicle Incentive Program Cash Value	\$ 1,000	\$ -	\$ -	\$ 3,000	\$ 11,000
Tuition Reimbursement Participation (# of employees)	0	1	2	2	0
Tuition Reimbursement Cash Value	\$ -	\$ 1,827	\$ 10,000	\$ 10,000	\$ -
Pay Equity/Gender Diversity					
Gender Diversity (% female)	50%	49%	48%	43%	44%
Pay Equity Ratio (Female/Male)**	Due to changes in how Pax World collects diversity data, information collected prior to 2013 are reported in the diversity section of this report.				
Senior Managers				83% (6)	71% (8)
Portfolio Managers & Senior Analysts				131% (7)	121% (8)
Managers				78% (7)	107% (5)
Professional Staff				100% (25)	87% (31)
Shareholder Engagement					
# of shareholder proposals filed/co-filed (Proxy Year)	9	6	6	6	3
Management Company					
AUM (billions)	\$ 2.646	\$ 2.500	\$ 2.666	\$ 3.199	\$ 3.381
Cash Value of Corporate Donations/Sponsorships	\$ 27,500	\$ 63,359	\$ 54,700	\$ 52,455	\$ 117,350
Cash Value of Impact Investments (millions)	N/A	\$ 5.00	\$ 4.70	\$ 20.47	\$ 40.29
Cash Value of Donations from Global Citizen Program	N/A	N/A	\$ 44,593.95	\$ 191,929.30	\$ 171,581.05
*Data from 2010 were converted from short tones into metric tones per EIA guidelines					
< http://www.eia.gov/tools/faqs/faq.cfm?id=7&t=2 >					
**Parentheses denote the number of employees in the job category					



**United Nations Global Compact
2014 Communication on Progress
Pax World Management LLC ("Pax World")
Submitted March 26, 2015**

Statement of Continued Support

Pax World was one of the first investment managers to integrate Environmental, Social and Governance (ESG) factors into our investment analysis and decision making through a process known as sustainable investing. As part of our core mission, we analyze each potential investment not only for its financial characteristics, but its impact on the environment, its workers and supply chain, communities and customers. We also examine the governance of the enterprise issuing securities, as governance affects every other aspect of the management of any enterprise.

Pax World believes that this approach is deeply compatible with the Ten Principles of the United Nations Global Compact, and every one of those Principles is reflected in our ESG analysis, shareowner and public policy advocacy, as well as in our own approach to managing our own company.

Pax World's activities support the letter and principles of the Global Compact in several ways. First, we strive to invest in companies or other enterprises issuing securities that are leaders in advancing sustainability, which we define in much the same way that the Global Compact does: environmental impact, workplace practices, respect for human rights, and avoiding bribery. We also engage with companies to help them improve their own sustainability. Many times we engage with companies through investor coalitions. At other times, we engage with individual companies on a range of ESG issues and we vote our proxies in accord with our belief in corporate sustainability.

Pax World is also attentive to its own sustainability. We have assessed our own policies, programs and performance with regard to sustainability, and as a result of that work we are taking additional steps to assure that we have appropriate policies, monitoring programs, accountability and goals in place for all the places where our business affects sustainability.

In short, Pax World continues to be deeply committed to the Ten Principles. This Communication on Progress reaffirms Pax World's continuing commitment to the UN Global Compact.

Sincerely,

Joseph F. Keefe
President and CEO
Pax World Management LLC

Human Rights (Principles 1 – 2)

Assessment, Policy & Goals

Pax World considers human rights issues in our sustainability analysis of every security issuer considered for an investment in our actively managed funds. Pax World believes that human rights issues can impose legal and reputational risks, and are also an indicator of the quality of corporate management. Pax World believes it is the responsibility of businesses to protect and uphold basic human rights.

When considering a company's human rights record, Pax World generally avoids investing in companies with a history of human rights abuses and no policy or disclosure regarding human rights. Pax World may also avoid companies with policy/programs if the record indicates the policy or programs are ineffective.

Implementation

Impact Investing: Pax World invests in communities and promotes sustainable development, most commonly through ongoing investments in short-term debt instruments issued by non-corporate entities and CDs issued by community banking entities, such as credit unions. By prospectus, each of the Pax World Funds may invest up to 5% of fund assets in community development financial institutions. In practice, we are currently focused on utilizing these vehicles in our fixed income strategies: the Pax World Balanced Fund bond allocation and the Pax World High Yield Bond Fund.

Global Citizen Program: Pax World's Global Citizen Program enables our shareholders to earmark portions of their dividends and/or capital gains as a contribution to one of two non-profit organizations that are working to alleviate poverty, empower women and promote sustainable development around the globe, Mercy Corps and Women Thrive Worldwide.

Measurement of Outcomes

Pax World seeks to invest with organizations that target underserved localities in the areas of affordable housing, small businesses, community development and revitalization, health care, education, women's equality, and the environment, among others. Pax World believes these investments may have a positive direct impact on underserved localities, which is an important principle of our investment and business philosophy.

As of December 31, 2014, Pax World had \$5.4 million (13.5% of total impact investments) in community investment notes and CDs.

In 2014 our shareholders contributed \$167,673.35 to Mercy Corps and \$3,907.70 to Women Thrive Worldwide.

In October 2008, total shareholder donations to Mercy Corps through the Global Citizen Program exceeded \$1 million since the program was initiated 10 years earlier.

Human Rights (Principles 1 – 2)

Assessment, Policy & Goals

In addition to our investment policies on human rights, we also engage companies on gender equality, which we view as the defining human rights issue of our time.

Implementation

Board Diversity Shareholder

Resolutions: In 2014, Pax World was the lead filer of shareholder resolutions at Territorial Bancorp, Inc. (TBNK) and Oasis Petroleum, Inc. (OAS) asking for increased disclosure on board diversity policies.

Proxy Voting Guidelines:

Pax World has an innovative proxy voting policy aimed at promoting greater gender diversity on corporate boards: we not only oppose corporate board slates that do not include any women, but in most cases we require that at least two women be on the board before we consider supporting the slate for the simple reason that the benefits women bring to boards are best realized when female representation reaches critical mass. Where we oppose the slate, we write directly to each company to explain the reason for our opposition, urge them to take concrete steps to diversify their boards and provide them with model charter language for their nominating committee establishing a board diversity policy and process for implementation.

Measurement of Outcomes

Pax World filed and successfully withdrew board diversity proposals at Oasis Petroleum and Territorial Bancorp after receiving positive responses from both companies in which they agreed to amend their corporate governance documents to include gender and ethnicity as criteria for selection of any new director, and to periodically review board composition.

During the 2013-2014 proxy season, Pax World withheld support from over 130 slates of board nominees due to insufficient gender diversity.

Our proxy voting guidelines and voting record are available at <http://www.paxworld.com/investment-approach/shareowner-activism/proxy-voting>

Pax World received responses from Cinemark, Inc. (CNK), Evolving Systems, Inc. (EVOL), Fox Chase Bancorp (FXCB) and Chicopee Bancorp (CBNK) to our letters regarding the absence of women on their boards of directors.

Human Rights (Principles 1 – 2)

Assessment, Policy & Goals

Implementation

Thirty Percent Coalition:

Pax World also joins with other advocates of gender diversity, and is a founding member of the Thirty Percent Coalition. The formulation of the Coalition in 2011 marks the first time institutional investors, national women's groups, business leaders and corporate governance experts have come together to press companies on board diversity. The Coalition seeks to assure that women hold 30% of board seats across public companies in the US by the end of 2015.

Measurement of Outcomes

In 2012 and continuing into part of 2013, Pax World's CEO Joe Keefe led the Institutional Investor Committee for the Thirty Percent Coalition. Pax World continues to lend support to this Committee's efforts. In 2014, the Coalition wrote to over 100 companies in the Russell 1000 Index that had no women on their boards, encouraging them to consider gender diversity in the boardroom as a priority.

The effort has stimulated dialogues with numerous companies about their board diversity policies, and members of the Thirty Percent Coalition continue to actively communicate with a number of these companies. Nearly 20 companies the Coalition engaged with have added women to their boards. Overall, 31 companies the Coalition wrote to have added a woman to their board.

During the 2014 proxy season, investors filed shareholder resolutions on board diversity with 28 companies. Of the 28 shareholder resolutions filed, 23 were withdrawn based upon mutual agreements, an important mark of progress in the work on board diversity.

Human Rights (Principles 1 – 2)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Women's Empowerment

Principles: As we approached the one-year anniversary of the tragic collapse of a manufacturing facility in Bangladesh that killed more than 1,100 garment workers, Pax World sent follow-up letters to the 30 apparel companies that did not reply to our 2013 letter urging them to endorse the Women's Empowerment Principles (WEPs) as an effective way to address workplace safety concerns globally for garment workers, the majority of whom are women.

In total, we have received responses from six companies. Our March 2014, follow-up letters did not result in any additional responses.

Human Rights (Principles 1 – 2)

Assessment, Policy & Goals

Pax World also participates in public policy initiatives related to various human rights concerns.

These initiatives do not always have measurable outcomes, or are ongoing work that may have effects over several years. Where we have information, we have provided it below.

Implementation

Letter urging the sponsors of the 2014 Winter Olympics to speak out against the crackdown on LGBT community in Russia

Letter to FedEx regarding the company's sponsorship of the "Washington Redskins" NFL team

Measurement of Outcomes

Pax World co-signed a letter with other investors urging the sponsors of the 2014 Winter Olympics to protest recent Russian government enactments that deprive members of Russia's LGBT community of freedom of speech and freedom of assembly, and declare their commitment to equality irrespective of sexual orientation or gender identity. The letter also urged the sponsors to ensure that their non-discrimination policies are enforced globally and that the sponsors encourage the International Olympics Committee to obtain commitments from the Russian government that ensure the safety and rights of all athletes and attendees of the Winter Games.

Pax World signed on to a petition asking FedEx's board of directors to initiate a review of the company's involvement in any actions or business relationships that denigrate, discriminate or propagandize against people on the basis of gender, race, ethnicity, nation, religion or culture. Specifically, the review should focus on the business relationships with the professional football team named the "Washington Redskins," as well as the impact of ending that relationship.

Human Rights (Principles 1 – 2)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Uzbek cotton campaign-
forced labor and child labor

Pax World co-signed a letter to Secretary of State John Kerry regarding the US State Department's decision on Uzbekistan's tier placement in 2014 Trafficking in Persons (J/TIP) Report, which was released on Friday, June 20. Uzbekistan remains a Tier 3 country, indicating its government does not fully comply with the minimum standards of the Trafficking Victims Protection Act and is not making significant efforts to do so.

Letter to S&P100 on LGBT
Polices

Pax World signed a letter coordinated by Clean Yield inviting companies to dialogue with the goal of promoting best practices to ensure consistent and equal treatment for LGBT employees regardless of their country of residence.

Labor (Principles 3, 4, 5 & 6)

Assessment, Policy & Goals

Pax World incorporates an assessment of the workplace practices of all companies and other security-issuing enterprises in our investment process, and each security or company must meet or exceed our minimum standards for sustainable workplace practices before it is approved for investment in our actively managed portfolios. We believe that the application of these criteria to our investment process helps to distinguish companies that manage their operations carefully with respect to labor.

Specifically, our workplace practices criteria cover diversity and inclusion, workplace safety, and labor-management relations.

Pax World is equally committed to provide its employees with a friendly, collegial, professional work environment. We are an equal opportunity employer committed to high standards of corporate social responsibility, both in our investment approach and in the manner in which we conduct our own business.

Implementation

Internal Pay Equity Review:

As we have done for several years, Pax World conducted a gender pay equity survey for 2014. In any company as small as Pax, a disparity may arise in pay equity due to the compensation of one or two individuals, and those differences may arise due to variations in qualifications and responsibilities.

Measurement of Outcomes

Results: Overall, our pay equity review determined that there is no significant disparity of the pay of men and women at Pax, and we determined that no further action is necessary to assure gender pay equity, beyond continued monitoring.

Two of the six funds we manage in-house are managed by women; five of the 10 senior executives who sit on our management committee are women. Overall, in 2014, 44% of our total workforce was comprised of women.

Job Function Salary Ratio (Women to Men)	2014
Senior Managers	71% (8)
Portfolio Managers & Senior	121% (8)
Managers	107% (5)
Professional Staff	87% (31)

Parentheses denote the number of employees in the job category.

Labor (Principles 3, 4, 5 & 6)

Assessment, Policy & Goals

Pax World also participates in public policy initiatives related to various labor-related issues.

These initiatives do not always have measurable outcomes, or are ongoing work that may have effects over several years. Where we have information, we have provided it below.

Implementation

PRI Engagement on Employee Relations:

Pax World joined the UN PRI's engagement on employee relations as a supporting investor. The investor engagement group will engage with global retail companies to improve company practices, enhance company disclosure and heighten board and senior management attention of human capital management. The engagement is supported by tailored research from the UK consultancy Carnstone, which has identified employee relations indicators most material to profitability, such as employee turnover or employee engagement. The research has assessed the level of disclosure and performance of 80 companies on these indicators as well additional indicators related to labor rights, working practices and pay. The engagement targets 40 global companies, including apparel retail, food retail, hypermarkets and supercenters and department stores.

Measurement of Outcomes

As part of this engagement, Pax World co-signed a letter to multiple companies, including Costco Wholesale Corp. (COST), J. C. Penney Company, Inc. (JCP), Jeronimo Martins SGPS SA (JMT PL), Kohl's Corp. (KSS), Koninklijke Ahold NV (AHO), Kroger Co. (KR), Macy's Inc. (M), Marks & Spencer Group plc (MKS LN), Safeway Inc. (SWY), Sears Holding Corporation (SHLD), Tesco plc (TSCO LN), TJX Companies Inc. (TJX), Urban Outfitters Inc. (URBN), Wal-Mart Stores Inc. (WMT) and Woolworths Holdings Ltd. (WHL SJ).

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Pax World recognizes the importance of environmental stewardship for every business. Recognizing that our own operations affect the environment, Pax World strives to hold ourselves to the same standards that we expect of the companies in our portfolios. As part of this commitment, Pax World seeks to conduct business in a way that minimizes our environmental footprint while enhancing stakeholder value for our customers, employees, suppliers and communities.

Environmental Programs:

Pax World's existing environmental policy and programs include measures to minimize the use of office supplies, including paper, glass, metal, plastic and batteries; increase energy efficiency and minimize emissions associated with energy use, including travel-related emissions; and the use of environmentally-preferred office supplies. We also have a hybrid vehicle incentive program that provides regular full-time employees with a lump sum cash payment for the purchase or lease of a hybrid gas-electric vehicle.

Implementation

Greenhouse Gas Emissions

Offset: As we have done for several years, Pax continued in 2014 to purchase renewable energy offsets in order to offset our emissions, including those from travel. In 2014, Pax's carbon offsets were purchased from Native Energy, which were used to support the Southern Ute Tribe's methane seepage offset project located in La Plata County, CO. More information about the project can be found here: <http://www.nativeenergy.com/southern-ute-indian-tribe-natural-methane-capture-and-use.html> >

Water Offset: In 2014, we partnered with the Bonneville Environmental Foundation (BEF) to offset our water consumption at our office in Portsmouth, New Hampshire through the purchase of Water Restoration Certificates (WRC). Every WRC purchased by Pax World represents 1,000 gallons of water restored to streams, through projects certified by the National Fish & Wildlife Foundation.

Measurement of Outcomes

As noted throughout this report, Pax has assessed our own policies, programs and performance with regard to our internal environmental sustainability, and as a result of that work we are taking additional steps to assure that we have appropriate policies and monitoring programs in place.

Pax offset 331 metric tons CO₂ through its carbon offset for the year ended 2014. The majority of our carbon footprint is related to business travel (44.7%) and employee commuting (39.9%), while building and energy use (15.4%) accounted for the remainder of our carbon footprint.

Additionally, Pax World purchased 145 WRCs to offset our water use for calendar year 2014.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Fossil Fuel Investments: In 2013, Pax World implemented a new policy regarding climate change for our actively managed portfolios: Pax World avoids investing in companies with primary businesses in coal mining and production and oil sands, two of the most environmentally destructive and carbon-intensive fossil fuels. In addition, Pax World seeks to avoid investments in any electric utility that relies on coal for power generation at levels above the national coal usage, as reported by the US Energy Information Administration, unless the utility demonstrates a significant commitment to renewable energy and is reducing its coal dependence.

Generally, we favor companies with comprehensive environmental policies, practices, and performance, those with good environmental performance compared with their peers, and those that are working to manage and reduce their environmental impacts. We seek to avoid companies with inadequate environmental policies, management systems, performance and reporting.

As a result of this policy, SunCoke Energy, Inc. (SXC) did not meet our fossil fuel criteria in 2014, due to that company's involvement in the coal industry.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Impact Investing: Pax World invests in communities and promotes sustainable development, most commonly through ongoing investments in short-term debt instruments issued by non-corporate entities and CDs issued by community banking entities, such as credit unions. By prospectus, each of the Pax World Funds may invest up to 5% of fund assets in community development financial institutions. In practice, we are currently focused on utilizing these vehicles in our fixed income strategies: the Pax World Balanced Fund bond allocation and the Pax World High Yield Bond Fund.

Measurement of Outcomes

Pax World participates in the burgeoning green bond and sustainable infrastructure fixed income markets, which generally consist of publicly traded debt instruments issued by corporate, municipal, or non-governmental entities. Pax World seeks to invest in securities where the use of proceeds will be used for sustainable infrastructure and development, energy efficiency, renewable energy finance, consumer financing for sustainable technologies, climate change mitigation, and natural resource conservation, among others. We believe these investments may have a positive direct impact on society at large due to their scale and ultimately their lasting impact.

As of December 31, 2014, Pax World had roughly \$19.6 million (48.6% of impact investments) invested in so-called green bonds, including those issued by Bank of America, the International Finance Corp. (World Bank) and the State of California.

During the same period, Pax World had roughly \$7.9 million (19.7% of impact investments) in sustainable infrastructure investments.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Pax World also participates in public policy initiatives related to various environmental issues.

These initiatives do not always have measurable outcomes, or are ongoing work that may have effects over several years. Where we have information, we have provided it below.

Implementation

Shareholder Advocacy:

As we have in the past, Pax World continues to be a signatory to the Carbon Disclosure Project (CDP), including the CDP, CDP Water Disclosure, and Carbon Action; the Forest Footprint Disclosure Project; and the Investor Network on Climate Disclosure. Pax World continued its participation in a structured engagement through the United Nations Principles for Responsible Investment (PRI) for the CDP Water Disclosure initiative and another engagement for CDP on the CDP Leadership Initiative (CDPLI). Pax is also a member of the Ceres coalition, and through that coalition, we have participated in multi-stakeholder working groups on sustainability.

Measurement of Outcomes

Pax World participated in a one-on-one interview with CERES regarding Best Buy's sustainability strategy. The objective of the interview was to gain Pax World's perspective on Best Buy's role, challenges and opportunities with respect to environmental, social and governance topics, as well as our expectations of a global company. CERES will use our feedback to form an external perspective on the key sustainability risks and opportunities for Best Buy.

Pax World participated in CERES-lead engagement with Walt Disney that focused on quantitative environmental targets, including targets related to greenhouse gas emissions, waste and water.

Pax World participated in CERES lead engagement with Baxter International. Pax World's feedback focused on setting absolute carbon emissions reductions targets, disclosing information about gender pay equity, and including the achievement of ESG objectives as components of executive incentive compensation.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Energy/Hydraulic

Fracturing: Pax signed on to a UN PRI engagement on fracking and is acting as co-lead or supporter in engagements with Noble Energy, Inc. (NBL) and Southwestern Energy Co. (SWN). As part of this engagement, Pax World also co-signed a letter to 50 companies.

The objectives of this collaborative engagement are to:

- Better understand the company's ability to identify, manage and reduce fracking related risks and capacity to improve practices and disclosure.
- Achieve enhanced disclosure of policies, management systems and reporting related to fracking operations by companies.
- Enable investors to better assess and manage their exposure to the financial, operational and reputational impacts of the risks related to fracking operations in their portfolios.

Pax World was acting as co-lead or supporter in engagements with Noble Energy, Inc. (NBL) and Southwestern Energy Co. (SWN). Unfortunately, we were unable to secure dialogues with either company in 2014.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Letter to 21 companies
about nanomaterials in food

Pax World co-signed a letter with several investors seeking information about whether and/or how the companies are managing the nanomaterials in their products. The objective of the campaign is to understand the risks that companies may be exposed to through their use of emerging technologies. In particular, the accelerating use of nanomaterials raises deep concerns. When technology is used before ensuring that it is safe for humans and the environment, companies create significant potential risk for themselves and their shareholders.

Letter to palm oil producers, financiers, and consumers on sustainable palm oil

Pax World signed a letter that urges major players in the palm oil industry—producers, financiers, and consumers—to take responsibility for ensuring the sustainability of their palm oil supply chains. Recently, major players in the palm oil industry were reportedly convening to build support for palm oil supply chains that are traceable to growers not engaged in deforestation, the development of peat lands, or human rights violations. Investor support for these emerging standards can be critical in moving the industry forward.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Pax World co-signed a letter to Bank of America to express our concerns about the company's exposure to climate-related risks through its lending activities

Specifically, the letter, organized by the Rainforest Action Network, references a shareholder proposal, which requests that the company provide a climate change report and assess and report on GHG risks through its lending practices.

Pax World co-signed a letter urging Statoil ASA to divest its Canadian oil sands assets

Specifically, the letter, which was organized by Boston Common Asset Management, expresses support of a shareholder proposal on oil sands to be presented at the company's May 14, 2014 Annual General Meeting by the World Wildlife Fund Norway and Greenpeace Norway.

In September 2014, Statoil announced that it halted plans to develop the Corner heavy crude oil project in Alberta, Canada for three years due to market conditions and construction costs associated with the project.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Letter to LG Electronics regarding the construction of its US headquarters

Pax World signed a letter urging the management at the LG Group and LG Electronics USA to reconsider the location of the company's controversial new U.S. headquarters building overlooking the Palisades, a long-cherished Hudson River Valley landscape in New Jersey and New York. As noted in the letter, the company's current plans to build a 143-foot-high building would spoil the scenic vistas of the Palisades. LG has already directly heard from four former New Jersey Governors, six New Jersey Mayors, the EPA, the National Park Service, the Palisades Interstate Parks Commission, the Regional Plan Association, and a broad coalition of environmental and community organizations—all of whom have requested that the company modify its headquarters design by lowering its height below the tree-line in order to protect the Palisades landscape.

Investor Network on Climate Risk (INCR) letter supporting new rule on GHG emissions from existing power plants

In response to the release of a new Environmental Protection Agency (EPA) standard to limit carbon pollution from existing power plants, 128 companies and 49 investors, including Pax World, managing \$800 billion in assets, sent letters of support to the Obama Administration, and to Senate and House majority and minority leaders.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Letter to the Obama administration and the EPA regarding the Pebble Mine

Pax World signed a letter urging the EPA to initiate a Clean Water Act (CWA) 404(c) process to provide long-term protections for the Bristol Bay region in Alaska. The letter emphasized that a Section 404(c) process under the CWA at this stage could help remove regulatory risk and uncertainty surrounding mining in the region, and presents an opportunity to enhance clarity that could in turn facilitate the efficient and environmentally responsible allocation of capital investment in mineral development. To date, both Rio Tinto and Anglo American have withdrawn from the project. Pax World has participated in several investor efforts to ensure the protection of the Bristol Bay region in Alaska.

Letter to financial institutions regarding their business relationships with carbon intensive industries

Pax World co-signed a letter to 50 global banks that are the largest underwriters to carbon intensive industries. This letter is a call to action to address embedded climate-related risks in the financial sector and will help gather information on current bank practices. Through this initiative, investors hope to elevate the dialogue between investors and the banking sector about the gaps in real information on climate change risks, exposure to such risks, and practical ways in which the banking sector can assist in the transition to a lower carbon future.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Solar Scorecard initiative
with the Silicon Valley Toxics
Coalition (SVTC)

Pax World co-signed a letter, as we have for at least three years, organized by the SVTC, asking solar PV companies to participate in the SVTC's new 2014 Solar Scorecard survey. The investor group letter over the past few years has been a powerful way to encourage solar PV companies to participate in SVTC's annual survey. The 2013 investor letter was signed by investors with over \$1.5 trillion in total assets under management. Past year's Solar Scorecards are available on [SVTC's website](#).

Global Investor Statement on
Climate Change

Pax World signed on to the statement of investors supporting the need for investments in clean energy of \$1 trillion a year. The statement sets out the contribution investors can make to increasing low carbon and climate resilient investments. It offers practical proposals on how investor contributions may be accelerated and increased through appropriate government action.

Climate Disclosure Standards
Board (CDSB) Fiduciary Duty
and Climate Change
Statement

Pax World supported a statement of investors and companies concerned that there must be disclosure of climate related risks and opportunities as a matter of fiduciary duty. The effort was coordinated by the CDSB.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Pax World co-signed letters with Walden Asset Management and Calvert to Prudential Financial (PRU), 3M Co. (MMM), and PepsiCo, Inc. (PEP) regarding GHG reduction goals.

Each of these companies set GHG reduction goals that expired in 2014, and the letter asked them to set new, science-based targets to meet the IPCC's guidelines to meet the 2 degrees Celsius or less warming by 2050.

As of year-end 2014, we had not received any responses from these companies.

Fisheries Protection in Alaska

Pax World co-signed a letter organized by Domini Social Investments to McDonald's in response to a letter from Senator Lisa Murkowski regarding efforts by Greenpeace to ensure the sustainability of the Alaskan Pollock fishery.

Statement on Carbon Pricing

Pax World supported a statement from the World Bank encouraging countries and companies to put a price on carbon.

Green Bonds Investor Statement

Pax World supported a statement welcoming and supporting green and climate bonds as helping in the effort to mitigate climate change.

Letter to EPA Administrator urging methane regulation

Pax World signed on to a letter to Gina McCarthy urging the EPA to regulate methane emissions from the oil and gas industry.

Letter to the Government of Australia regarding Renewable Energy Target

Pax World signed on to a letter expressing concerns over Australia's proposed change to its renewable energy target, which could impair the value of existing renewable energy projects.

Environment (Principles 7, 8 & 9)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Letter to EPA regarding Risk-Screening Environmental Indicators (RSEI)

Pax World signed on to a letter coordinated by Clean Yield urging the EPA to do more timely disclosure of RSEI numbers. The RSEI framework converts human health impacts of TRI chemicals into a common toxicity currency, and combines with US census data to evaluate how many people are affected by a given facility's emissions. RSEI data are disclosed at unpredictable intervals now.

Anti-Corruption (Principle 10)

Assessment, Policy & Goals

Pax World incorporates an assessment of corporate governance impacts of all companies and other security-issuing enterprises in our investment process, and each security or company must meet or exceed our minimum standards before it is approved for investment. Pax World believes that strong, transparent corporate governance policies are the foundation for a company's long-term sustainability. As with our other sustainability criteria, we believe that examining corporate governance practices provides us with crucial insight into the quality of a company's management.

Implementation

When evaluating a company for investing, we specifically review each company's policies and performance related to bribery, corruption, and money-laundering as a key governance issue. This includes an examination of settlements and compliance with the Foreign Corrupt Practices Act (FCPA) and other trade import/export controls for U.S. business and those with significant business operations in the US. In industries that are subject to extensive oversight, Pax World may evaluate compliance programs and procedures related to political contributions, which can also raise concerns related to bribery and corruption.

Measurement of Outcomes

These initiatives do not always have measurable outcomes, or are ongoing work that may have effects over several years. Where we have information, we have provided it below.

Anti-Corruption (Principle 10)

Assessment, Policy & Goals

In addition to using governance criteria in our investment process, we also work to improve and strengthen our own corporate governance and transparency through implementing effective compliance programs and policies, including anti-corruption principles.

Pax World is committed to the highest standards of ethics, business integrity and corporate governance. As the adviser to the Pax World family of mutual funds, we have a fiduciary responsibility to the funds' shareholders. To that end, Pax World's corporate governance practices are designed to establish and preserve accountability and transparency, while avoiding conflicts of interest (or even the appearance of conflict).

Implementation

Pax World has established policies regarding issues such as anti-money laundering, insider trading, communications (social media and public correspondence), whistleblowing and the so-called "pay-to-play" rule, which refers to various arrangements by which investment advisers may seek to influence the award of advisory business by making or soliciting political contributions to the government officials charged with awarding such business, among others. While some of these are required by law, our policies on social media and communication and whistleblowing go beyond what is required to establish standards of behavior that aim for a higher standard than compliance alone.

Measurement of Outcomes

Gift and Entertainment

Policy: Pax has a detailed gift and entertainment policy that clearly outlines the company's policy to avoid conflicts of interest. Specifically, the policy requires that supervised persons should avoid, or not accept or provide any gifts or favors that might influence business decisions within the company. Our premise for this policy is that giving, receiving or soliciting gifts may give rise to an appearance of impropriety. This policy also includes reporting requirements for supervised persons for the purpose of helping Pax monitor the activities of its employees.

Insider Trading Policy: Pax has a detailed insider trading policy that seeks to comply with anti-fraud provisions of federal securities laws, which generally make it unlawful for any person to trade securities for themselves or for their clients while in possession of material non-public information.

Anti-Corruption (Principle 10)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

“Pay-to-Play” Policy: Pax has a policy that seeks to avoid various arrangements by which investment advisers may seek to influence the award of advisory business by making or soliciting political contributions to the government officials charged with awarding such business. As part of this policy, Pax shall not make any political contributions to individuals or state political parties. Although Pax may make contributions to PACs and certain non-profit organizations, we will not do so with the intention of influencing any official of a government entity to which we are seeking to provide services.

Anti-Corruption (Principle 10)

Assessment, Policy & Goals

Pax World also participates in public policy initiatives related to various anti-corruption/corporate governance concerns.

Implementation

Our work in this area does not always have measurable outcomes, or is ongoing work that may have effects over several years. Where we have information, we have provided it below.

Investor statement on SEC's withdrawal of rulemaking on political spending accountability from 2014 docket

Letter to the FCC on customer privacy and consent

Measurement of Outcomes

Pax World signed an investor statement—coordinated by the Corporate Reform Coalition—demanding an explanation for the removal of the political spending disclosure rule from the US SEC 2014 agenda. The SEC received nearly 700,000 comments—a record breaking number—urging disclosure of political spending.

Several leading advocacy groups—led by Public Knowledge—have petitioned the FCC, asking for a declaratory ruling (based on existing regulation) that telecommunications companies must not sell such records without a customer's consent. As a routine practice, the FCC asks interested parties to comment on such petitions. Our comment letter urges the FCC to accept the advocacy groups' petition and bar the sale of Customer Proprietary Network Information (CPNI) data. The comments draw on much of the language that has been used recently in shareholder proposals regarding transparency reports at AT&T and Verizon.

Anti-Corruption (Principle 10)

Assessment, Policy & Goals

Implementation

Disclosure of Lobbying
Policies & Practices at Devon
Energy, Inc. (DVN)

Measurement of Outcomes

Pax World filed a shareholder proposal at Devon Energy asking the company review its oversight and processes along with political and lobbying expenditures related to public policy advocacy on energy policy and climate change. Devon Energy submitted a no-action request to the SEC regarding this proposal, as it contends it is substantially similar to another proposal simultaneously submitted to Devon, but the SEC denied the company's no-action request.

However, Pax World withdrew this proposal as we sold all of our shares in Devon Energy as part of the Growth Fund's move to a fossil fuel free portfolio. Despite this, the proposal was already included on the company's proxy ballot and was voted at its annual general meeting, garnering 27% of the vote.

Corporate Reform Coalition
letter to the Chairman of the
SEC

Pax World co-signed a letter coordinated by Public Citizen/Corporate Reform Coalition regarding the ongoing review of disclosure undertaken the SEC following the Commission-issued staff report to Congress on its disclosure rules for U.S. public companies.

Anti-Corruption (Principle 10)

Assessment, Policy & Goals

Implementation

Measurement of Outcomes

Letter to SEC on
Commissioner Gallagher
Speech

Pax World signed a letter coordinated by SIF in response to Commissioner Gallagher's March 27th speech in New Orleans at Tulane University Law School challenging and calling for significant revisions to the shareholder proposal process. The letter outlined investor opposition to any revisions to Rule 14a-8 that would make it more difficult for investors to file proposals addressing environmental, social and governance (ESG) issues.

Disclosure of Lobbying
Policies & Practices

Pax World co-filed a shareholder resolution regarding lobbying disclosure at Google, Inc. Walden Asset Management is the lead filer on the proposal.

Pax World supported a letter coordinated by Walden Asset Management asking eBay to end its affiliation with the American Legislative Exchange Council (ALEC).

Top Ten Holdings

Pax Ellevest Global Women's Index Fund top ten holdings as of 12/31/14: KeyCorp. 2.0%; Xerox Corp. 2.0%; Weyerhaeuser Co., REIT 2.0%; Lockheed Martin Corp. 2.0%; Procter & Gamble Co., The 2.0%; Coca-Cola Enterprises, Inc. 2.0%; Kellogg Co. 2.0%; Microsoft Corp. 1.9%; PepsiCo, Inc. 1.9%; and Estee Lauder Cos, Inc., Class A 1.9%.

Pax World Growth Fund top ten holdings as of 12/31/14: Apple, Inc. 4.9%; PepsiCo, Inc. 2.6%; 3M Co. 2.5%; Microsoft Corp. 2.2%; Abbott Laboratories 2.1%; PNC Financial Services Group, Inc. 2.1%; Google, Inc., Class A 1.8%; QUALCOMM, Inc. 1.8%; VF Corp. 1.8%; and Newell Rubbermaid, Inc. 1.8%.

Pax World Global Environmental Markets Fund top ten holdings as of 12/31/14: Xylem, Inc. 3.1%; Linde AG 3.1%; American Water Works Co., Inc. 3.1%; Pentair PLC 3.0%; Pall Corp. 3.0%; Pannon Group PLC 3.0%; BorgWarner, Inc. 3.0%; Delphi Automotive PLC 3.0%; GEA Group AG 3.0%; and Stericycle, Inc. 2.9%.

Pax World Balanced Fund top ten holdings as of 12/31/14: Apple, Inc. 2.7%; Becton Dickinson & Co. 2.4%; BlackRock, Inc. 2.0%; UnitedHealth Group, Inc. 2.0%; Morgan Stanley 1.7%; Microsoft Corp. 1.6%; American Express Co. 1.5%; Merck & Co., Inc. 1.4%; Intel Corp. 1.4%; and American Tower Corp., REIT 1.4%.

Pax World Small Cap Fund top ten holdings as of 12/31/14: Hologic, Inc. 4.0%; Capitol Federal Financial, Inc. 3.6%; Natus Medical, Inc. 3.6%; Investors Bancorp, Inc. 3.0%; United Financial Bancorp, Inc. 2.9%; Knoll, Inc. 2.8%; Fox Chase Bancorp., Inc. 2.7%; LaSalle Hotel Properties, REIT 2.6%; Meridian Bancorp., Inc. 2.6%; and Peoples Federal Bancshares, Inc. 2.5%.

Pax World High Yield Bond Fund top ten holdings as of 12/31/14: Emerald Expositions Holdings, Inc., 9.000%, 06/15/21 2.0%; Jack Cooper Holdings Corp., 9.250%, 06/01/20 2.0%; Kennedy-Wilson, Inc., 5.875%, 04/01/24 1.8%; Ingles Markets, Inc., 5.75%, 06/15/23 1.8%; Charlotte Russe, Inc., 6.750%, 05/21/19 1.7%; Unifrax I LLC, 7.500%, 02/15/19 1.6%; Columbus International Inc. 7.375%, 03/30/2021 1.6%; Syncreon Group BV/Global Finance US, Inc., 144A, 8.625%, 11/01/21 1.6%; Perry Ellis International Corp., 7.875%, 04/01/19 1.5%; and Kissner Milling Co., Ltd., 7.500%, 06/01/19 1.4%.

Holdings are subject to change.

Benchmark Disclosures

The Blended Index is comprised of 60% S&P 500 Index and 40% Barclays U.S. Aggregate Bond Index. The S&P 500 Index is an unmanaged index of large capitalization common stocks. The Barclays U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities and asset-backed securities.

The Russell 1000 Growth Index (“Benchmark”) measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Index measures the performance of the 1,000 largest companies, as measured by market capitalization. Effective December 12, 2013, the Russell 1000 Growth Index replaced the Russell 3000 Growth Index as the primary benchmark for Pax World Growth Fund (the “Fund”) because Pax World Management believes the Russell 1000 Growth Index is a more appropriate representation of the universe of securities in which the Fund may invest.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI EAFE Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. Performance for the MSCI EAFE Index is shown “net”, which includes dividend reinvestments after deduction of foreign withholding tax.

The BofA Merrill Lynch U.S. High Yield – Cash Pay – BB-B (Constrained 2%) Index tracks the performance of BB- and B-rated fixed income securities publicly issued in the major domestic or eurobond markets, with total index allocation to an individual issuer limited to 2%. The benchmark of High Yield Bond Fund was changed to the BofA Merrill Lynch U.S. High Yield BB-B (Constrained 2%) Index effective June 30, 2010. Pax World believes the BofA Merrill Lynch U.S. High Yield BB-B (Constrained 2%) Index more closely corresponds to the investments of the Fund.

The MSCI World (Net) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World (Net) Index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Performance for the MSCI World Index is shown “net”, which includes dividend reinvestments after deduction of foreign withholding tax.

The Pax Global Women's Leadership Index* is a customized market-weighted index consisting of equity securities of issuers organized or operating in countries around the world that demonstrate a commitment to advancing and empowering women through gender diversity on their boards, in management and through other policies and programs, and an understanding of the potential business advantages associated with greater gender diversity, as rated by Pax World Gender Analytics. In addition, the companies comprising the Index meet certain environmental, social and governance (ESG) or sustainability thresholds, as rated by MSCI ESG Research. No performance information is included here as the index is newly created.

*A custom index calculated by MSCI.
One cannot invest directly in an index.

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