



For Tomorrow®

[FIRST NAME] [LAST NAME]
[TITLE]
[FIRM]
[ADDRESS 1]
[ADDRESS 2]
[CITY], [STATE] [ZIP]

Dear [PREFIX] [LAST NAME],

I am writing to you about an important issue that I believe your organization is in a position to do something about: bringing greater gender diversity to corporate boards. According to a recent Catalyst study, women hold only 15 percent of the board positions among Fortune 500 companies.ⁱ Governance Metrics International also recently reported that across 1,763 publicly traded U.S. companies, the share of board seats held by women barely budged from 12.1 percent in 2009 to 12.3 percent in 2011.ⁱⁱ

These discouraging statistics come at a time when numerous studies have underscored the nexus between greater board and management diversity, on the one hand, and improved corporate governance and financial performance, on the other.ⁱⁱⁱ When women are at the table, the discussion is richer, the decision-making process is better, management is more innovative and collaborative, and the organization is stronger. This is particularly the case with a critical mass of women in leadership roles.^{iv} Quite simply, gender diversity has positive financial consequences.

I believe that investors need to raise their voices and insist that companies do better. It is the companies' shareholders who elect these non-diverse boards each year when they vote on corporate proxy ballots. Too often these ballots are cast down the line with management's recommendations, including blanket approval of director nominees, which means, in most cases, either no women or a slate of nominees where women are grossly under-represented. If large numbers of institutional investors – mutual funds, pension funds, foundations, endowments – began withholding support from board slates because of insufficient gender diversity I believe that companies would ultimately listen to their shareholders, and would begin to change.

A small number of asset management firms such as Pax World, Calvert, Domini and Trillium, among others, have proxy voting policies that seek to promote gender diversity on corporate boards. Pax World (www.paxworld.com), for example, has adopted proxy voting guidelines that seek to promote gender diversity on corporate boards by providing as follows:

- Opposing all slates of director nominees that do not include women. (In countries like the U.S. where women hold 5 percent or more of board seats, Pax World opposes male director nominees on boards that do not include at least *two* women – because the value that women bring to boards is greater when their representation is not merely token.)

- Pax World also registers its concern with the company through a follow-up letter explaining the reason for its opposition, urging it to embrace gender diversity on its board and providing it with model charter language for the nominating committee, establishing a board diversity policy and process for implementation.

I would like to better understand how FIRM addresses the issue of gender when analyzing company governance, casting proxy votes, and engaging with issuers that you own. I hope you will give careful consideration to the possibility of including language on gender diversity into your proxy voting guidelines and letting companies know of your interest in diverse boards as your FIRM is in a position to move the needle on this critical issue. The rationale for doing so is straightforward: because companies that embrace gender diversity are simply better-governed, better-managed companies, with better long-term growth prospects, advocating for greater board diversity is the right thing to do, as fiduciaries, on behalf of investors. You have the opportunity to advance the financial interests of your investors and advance women's equality at the same time.

Sincerely,

You should consider Pax World Funds' investment objectives, risks, and charges and expenses carefully before investing. For this and other important information, please obtain a fund prospectus by calling 800.767.1729 or visit www.paxworld.com. Please read it carefully before investing. Copyright © 2011 Pax World Management LLC. All rights reserved.

Equity investments are subject to market fluctuations, the fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings.

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ⁱ Catalyst, "US Women in Business," June 2010.

ⁱⁱ "2011 Women on Boards Report" Governance Metrics International, March 8, 2011.

ⁱⁱⁱ See, e.g., Catalyst, "The Bottom Line: Corporate Performance and Women's Representation on Boards," 2007; Catalyst, "The Bottom Line: Connecting Corporate Performance and Gender Diversity," 2004; Roy D. Adler, "Women in the Executive Suite Correlate to High Profits," European Project on Equal Pay; Desvaux, Devillard-Hoellinger and Meany, "A Business Case for Women," The McKinsey Quarterly, September 2008.; Professor Michel Ferrary, "When Gender Diversity Protects Stock Prices From the Crash," Ceram Business School, 2009.

^{iv} V.W. Kramer, A.M. Konrad, and S. Erkut, "Critical mass on corporate boards: Why three or more women enhance governance," Wellesley Centers for Women, Paper No.WCW11, 2006.