



LEA 02	Disclosures Monetary	Reason for Interaction	Principle PRI 1,2,3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> To engage directly</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input checked="" type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> To engage directly</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Collaborative engagements	<p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	<p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in collaborative engagements</p>	
Service provider engagements	<p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service providers</p>	<p><input type="checkbox"/> To support investment decisionmaking in &amp; company's material ESG issues</p> <p><input type="checkbox"/> To enhance corporate transparency on ability to identify the needs of stakeholders</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage in service providers</p>	

# RI TRANSPARENCY REPORT

## 2013/14

Parnassus Investments

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	✓	Private							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Public	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Private		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓					✓
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓					✓
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓					✓

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Private	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	✓	Public	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	✓	Private		✓					

# Parnassus Investments

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory only services

OO 02	Mandatory	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

United States

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

41

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** | Indicate the year end date for your reporting year.

31/12/2013

**OO 04.2** | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		10	335	512	481
Currency	USD				
Assets in USD		10	335	512	481

**OO 04.3** | Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General
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**OO 06.1** | To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income – corporate	<10%	0
Fixed income – government	<10%	0
Fixed income – other	<10%	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

## Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 10.1** Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
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**OO 11.1** Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Fixed Income – other
- Cash
- None of the above

OO 12	Mandatory	Gateway	General
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**OO 12.1** The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

### Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate
- Fixed Income - Government

**Closing module**

- Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# Parnassus Investments

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes
- No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
- No

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes
- No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
  - Yes, all
  - Yes, some

**OA 02.4** List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.

Policy or document name	URL
Responsible Investment Overview	<a href="http://www.parnassus.com/how-we-invest/responsible-investment-approach#tab-overview">http://www.parnassus.com/how-we-invest/responsible-investment-approach#tab-overview</a>
Proxy Voting Policies and Procedures	<a href="http://www.parnassus.com/how-we-invest/responsible-investment-approach#parnassus/proxy-voting">http://www.parnassus.com/how-we-invest/responsible-investment-approach#parnassus/proxy-voting</a>
Community Development	<a href="http://www.parnassus.com/how-we-invest/responsible-investment-approach#parnassus/community-development">http://www.parnassus.com/how-we-invest/responsible-investment-approach#parnassus/community-development</a>

- No

OA 03	Mandatory	Core Assessed	PRI 1,2
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**OA 03.1** | Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input checked="" type="checkbox"/> Specific guidelines on environmental issues <input checked="" type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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**OA 04.1** | Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

**Code of Ethics**

The Parnassus Funds, The Parnassus Income Funds and Parnassus Investments (the "Adviser") have adopted a Code of Ethics in compliance with Rule 17j-1 under the Investment Company Act of 1940 and Rule 204a-1 under the Investment Advisers Act of 1940. Parnassus Funds Distributor (the "Distributor") has also adopted this Code. The Chief Compliance Officer is responsible for the administration of this Code.

In their personal investment activities, all Trustees and officers of the Fund and all officers, directors and staff of the Adviser and the Distributor have a fiduciary duty to place the interests of Fund shareholders and clients before their own personal interests at all times. All personal securities transactions should be conducted consistent with this Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust or responsibility. No one affiliated with the Fund, the Adviser or the Distributor should take inappropriate advantage of his or her position. All persons abiding by this Code must seek to comply with federal securities laws to the best of their ability.

Parnassus Investments has a process in place, in accordance with the Code of Ethics, for employees to pre-clear trades with the Compliance Department in their personal accounts. The portfolio managers review these preclearance requests, and if there is the potential for a conflict with portfolio trades, the Compliance Department will deny the preclearance request. Compliance monitors personal trading to ensure that trades in personal accounts were placed in accordance with the Code. It is the firm's policy to give priority to trades placed for the Funds; any conflicts are resolved in favor of the funds versus an employee's desire to place personal trades.

**Identification of Affiliated Persons**

The Parnassus Funds and the Parnassus Income Funds (the "Funds") have adopted the following policies and procedures to prevent self-dealing and overreaching by persons in a position to take advantage of the Funds. The Investment Company Act of 1940 (the "Act") prohibits Funds from entering into certain transactions with affiliated persons, as defined by the Act. These policies and procedures are designed to prevent unlawful transactions with them.

No less frequently than annually, each member of the Board of Trustees and Officers of the Funds must complete and certify a questionnaire provided by the Funds detailing their business affiliations including the following:

1. If they or any member of their immediate family living with them have any business relationship with the adviser.
2. If they or any member of their immediate family living with them have any business relationship with the Funds, excluding their duties as a Trustee/Officer.
3. If they are affiliated persons of any bank, broker or dealer registered under the Securities Exchange Act of 1934.
4. A listing of all of their business affiliations.

The chief compliance officer of the Funds (the "CCO") will review these documents for potential conflicts of interest.

## Proxy Voting

Regarding proxy voting, there may be instances where our interests conflict, or appear to conflict, with client interests. For example, we may manage a pension plan for a company whose management is soliciting proxies. There may be a concern that we would vote in favor of management because of our relationship with the company. Or, for example, we (or our senior executive officers) may have business or personal relationships with corporate directors or candidates for directorship.

Our duty is to vote proxies in the best interests of our clients and Fund shareholders. Therefore, in situations where there is a conflict of interest, we will take one of the following steps to resolve the conflict:

5. Vote the securities based on a pre-determined voting policy if the application of the policy to the matter presented involves little discretion on our part.
6. Refer the proxy to the client or to a fiduciary of the client for voting purposes.
7. Suggest that the client engage another party to determine how the proxy should be voted.
8. Disclose the conflict to the client or, with respect to a Fund, the Funds' Independent Trustees and obtain the client's or Trustees' direction to vote the proxies.

No

## Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

No

## Governance and human resources

OA 08

Mandatory

Gateway/Core Assessed

General

OA 08.1

Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.



## Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
  - ESG Manager**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Other role, specify
- Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

3

## Promoting responsible investment

**OA 10**

**Mandatory**

**Core Assessed**

**PRI 4,5**

**OA 10.1**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

Yes

**OA 10.2**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CDP Forests
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES

**Your organisation's role in the initiative during the reporting period (see definitions)**

- Basic
- Moderate
- Advanced
- Local Authority Pension Fund Forum
- Principles for Responsible Investment

**Your organisation's role in the initiative during the reporting period (see definitions)**

- Basic
- Moderate
- Advanced
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

US SIF

**Your organisation's role in the initiative during the reporting period (see definitions)**

- Basic
- Moderate
- Advanced
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Investor Environmental Health Network

**Your organisation's role in the initiative during the reporting year (see definitions)**

- Basic
  - Moderate
  - Advanced
  - Other collaborative organisation/initiative, specify
  - Other collaborative organisation/initiative, specify
  - Other collaborative organisation/initiative, specify
- No

OA 11	Mandatory	Core Assessed	PRI 4
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**OA 11.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

# Parnassus Investments

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

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## Overview

LEI 02	Voluntary	Descriptive	PRI 1
LEI 02.1	Provide a brief overview of how you incorporate ESG issues in listed equity investments.		

ESG work is integrated into the investment decision at several levels of the process. The initial universe is screened for exclusionary screens, Investment ideas from the remaining universe are explored with financial and ESG research, and discussed by the investment committee. Holdings are monitored for both financial and ESG performance. The spirit of the exclusionary screens is to avoid investment in companies with negative impacts that outweigh any potential benefits from their business activities. Parnassus Investments believes these lines of business do more social harm than good, and excludes companies with significant involvement for that reason. The majority of these screens have been applied to the firm's investment strategies since its inception.

The investment team carefully considers a company's ESG factors. By incorporating ESG factors into the fundamental investment process, the investment team often identifies risks and opportunities that the market may have ignored and identifies responsible companies.

Parnassus Investments seeks to invest in companies with positive performance on ESG criteria. The ESG factors the investment team evaluates include:

- Corporate governance and business ethics
- Employee benefits and corporate culture
- Stakeholder relations
- Product, customers and supply chain
- Environmental impact

## ESG incorporation in actively managed listed equities

### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.		

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies

Percentage of active listed equity to which the strategy is applied (estimate +/- 10%)	 100
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- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

**Total actively managed listed equities**

100%

**LEI 03.2** Describe your primary reasons for choosing a particular ESG incorporation strategy.

At Parnassus Investments, we follow a responsible investment approach to understand the full impact of a company. We carefully consider a company's environmental, social and governance (ESG) factors.

By incorporating ESG factors into our fundamental investment-process, we believe we can identify risks and opportunities that the market may have ignored, and identify responsible companies.

**LEI 03.3** If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

The responsible investment process begins by applying exclusionary screens to the list of investment ideas approved by a portfolio manager for due diligence. The screens eliminate companies that derive significant revenue from the manufacture of alcohol, tobacco or weapons, or have significant involvement with nuclear power, gambling or Sudan. From this investable universe the investment team then begins their fundamental analysis. The next step in the responsible investment process is for a company to undergo a rigorous, proprietary ESG evaluation. ESG research is fully integrated into the investment process such that both fundamental and ESG research analysts are able to identify and address company-specific ESG issues.

**(A) Implementation: Screening**

<b>LEI 06</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**LEI 06.1** Indicate and describe the type of screening you apply to your internally managed active listed equities.

**Type of screening**

Negative/exclusionary screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

Parnassus Investments applies exclusionary screens to the entire investment universe. The spirit of these exclusionary screens is to avoid investment in companies with negative impacts that outweigh any potential benefits from their business activities. Parnassus Investments does not invest in companies that derive significant revenue from the following activities:

- Manufacture alcohol or tobacco products
- Direct involvement with gambling
- Manufacture of weapons
- Generation of electricity from nuclear power
- Business involvement with Sudan

Positive/best-in-class screening

**Screened by**

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance



	Description
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Parnassus Investments seeks to invest in companies with positive performance on ESG criteria. The ESG factors the investment team evaluates include:

- Corporate governance and business ethics
- Employee benefits and corporate culture
- Stakeholder relations
- Product, customers and supply chain
- Environmental impact

Norms-based screening

<b>LEI 06.2</b>	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Parnassus Investments has extensive experience applying environmental, social and governance (ESG) screens to investment strategies. Since the founding of the firm in 1984 Parnassus Investments has applied ESG screens to the investment universe.

The spirit of the exclusionary screens is to avoid investment in companies with negative impacts that outweigh any potential benefits from their business activities. Parnassus Investments believes these lines of business do more social harm than good, and excludes companies with significant involvement for that reason. The majority of these screens have been applied to the firm's investment strategies since its inception. The Sudan screen was added in 2006 when the international community recognized the Darfur region conflict as genocide.

ESG profiles for portfolio companies are reevaluated on an annual basis. However, the investment team conducts a quarterly review of all investments, and during this review the ESG research team reassesses any material ESG factors that may affect the price of a stock.

Changes to the criteria would require a prospectus update. If Parnassus Investments were to make a change at the time of a regular prospectus update, the clients would be notified when they read the new prospectus (each client gets the new prospectus either electronically or via mail). Or if a change is made at a time other than that of the regular update, clients would be sent a supplement to the prospectus.

<b>LEI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**LEI 07.1** Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

**(C) Implementation: Integration of ESG issues**

<b>LEI 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**LEI 11.1** Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

<b>ESG issues</b>	<b>Coverage/extent of review on these issues</b>
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**Communication**

<b>LEI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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**LEI 18.1** | Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

**Provide URL**

<http://www.parnassus.com>

**LEI 18.2** | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

**LEI 18.3** | Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation  
 Detailed explanation of ESG incorporation strategy used

**LEI 18.4** | Indicate how frequently you typically report this information.

- Quarterly or more frequently  
 Between quarterly and annually  
 Less frequently than annually  
 Other, specify
- No
- We disclose it to clients and/or beneficiaries only  
 We do not proactively disclose it to the public and/or clients/beneficiaries

**LEI 18.5** | Additional information. [Optional]

For more information on Parnassus Investments responsible investment approach, please click on the following links:

<http://www.parnassus.com/how-we-invest/responsible-investment-approach>

<http://www.parnassus.com/forms-and-documents/>

<http://www.parnassus.com/forms-and-documents/#parnassus/proxy-voting>

# Parnassus Investments

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 02	Mandatory	Gateway	PRI 1,2,3
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**LEA 02.1** Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
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**LEA 03.1** Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☉ Yes

LEA  
03.2

Describe how you identify and prioritise engagements.

Parnassus Investments concentrates its corporate engagement on the companies it holds. Parnassus Investments may engage on ESG issues with a company when the investment team is considering that company as an investment, but generally will not continue that conversation if the investment team decides not to invest in the company, unless the company requests otherwise. There are certain exceptions, for example, such as when the firm participates in collective efforts relevant to an industry, even though the firm only owns selected names in that industry; examples of this might include signing on to a shareholder letter to an industry organization, or advocating an ESG position at one company as part of a greater investor effort targeting the industry.

No

LEA 04

Mandatory

Core Assessed

PRI 2

LEA  
04.1

Indicate if you define specific objectives for your engagement activities.

- Yes
- Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

LEA  
04.2

Indicate if you monitor the actions that companies take following your engagements.

- Yes
- Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

LEA  
04.3

Describe how you monitor and evaluate the progress of your engagement activities.

The ESG analysts guides, records, and monitors engagement activities. At least one analyst is assigned to the engagement activity and monitors the progress. The end result is reported to the team. The ESG research manager will assess the result of the engagement and use that knowledge to inform future engagement decisions.

No

## Process for engagements conducted via collaborations

LEA 05

Mandatory

Core Assessed

PRI 2

LEA  
05.1

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

Yes

LEA  
05.2

Describe how you identify and prioritise collaborative engagements.

Parnassus Investments concentrates its corporate engagement on the companies it holds. Parnassus Investments may engage on ESG issues with a company when the investment team is considering that company as an investment, but generally will not continue that conversation if the investment team decides not to invest in the company, unless the company requests otherwise. There are certain exceptions, for example, such as when the firm participates in collective efforts relevant to an industry, even though the firm only owns selected names in that industry; examples of this might include signing on to a shareholder letter to an industry organization, or advocating an ESG position at one company as part of a greater investor effort targeting the industry.

No

LEA 06

Mandatory

Core Assessed

PRI 2

LEA  
06.1

Indicate if the collaborative engagements in which you are involved have defined objectives.

Yes

Yes, for all collaborative engagement activities

Yes, for the majority of collaborative engagement activities

Yes, for a minority of collaborative engagement activities

No

LEA  
06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

Yes

Yes, in all cases

Yes, in the majority of cases

Yes, in the minority of cases

<b>LEA 06.3</b>	Describe how you monitor and evaluate the progress of your collaborative engagement activities.
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The ESG analysts guides, records, and monitors engagement activities. At least one analyst is assigned to the engagement activity and monitors the progress. The end result is reported to the team. The ESG research manager will assess the result of the engagement and use that knowledge to inform future engagement decisions.

No

**General processes for all three groups of engagers**

<b>LEA 10</b>	<b>Mandatory</b>	<b>Gateway/Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 10.1</b>	Indicate if you track the number of companies you engage with.
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Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input checked="" type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

**Communication**

<b>LEA 15</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 15.1</b>	Indicate whether your organisation proactively discloses information on its engagements.
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We disclose it publicly

	please provide URL
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<http://www.parnassus.com/>



**LEA 15.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**LEA 15.3** Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

**Engagement information disclosed**

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

**LEA 15.4** Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify

No

We disclose it to clients and/or beneficiaries only

We do not proactively disclose it to the public and/or clients/beneficiaries.

**(Proxy) voting and shareholder resolutions**

**Process**

<b>LEA 17</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
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**LEA 17.1** Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

**Approach**

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain

We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.

We hire service provider(s) which make voting decisions on our behalf.

LEA 21	Mandatory	Core Assessed	PRI 2
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**LEA 21.1** Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases:
  - votes in selected markets
  - votes on certain issues (all markets)
  - votes for significant shareholdings (all markets)
  - other, explain

Parnassus Investments discusses how the funds may vote based on their proxy voting guidelines with companies.

- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

**Outputs and outcomes**

LEA 22	Mandatory	Core Assessed	PRI 2
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**LEA 22.1** For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.

- We do track or collect this information

Votes cast (to the nearest 1%)

%

100

Specify the basis on which this percentage is calculated

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

## Communication

LEA 26

Mandatory

Core Assessed

PRI 2,6

LEA  
26.1

Indicate if your organisation proactively discloses information on your voting activities.

- We disclose it publicly

provide URL

<http://www.parnassus.com/our-firm/#parnassus/proxy-voting>

LEA  
26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEA  
26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

**LEA  
26.4**

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
  - Continuously (soon after votes are cast)
  - Quarterly or more frequently
  - Between quarterly and annually
  - Less frequently than annually
  - Other, specify
- No
- We disclose it to clients/beneficiaries only
  - We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

# Parnassus Investments

## Reported Information

### Public version

#### Direct - Fixed Income

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## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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#### FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	<div style="display: flex; align-items: center;"><div style="width: 100px; height: 15px; background-color: #0070C0;"></div> %</div> 100
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- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

#### Total actively managed fixed income - corporate

100%

#### FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

At Parnassus Investments, we follow a responsible investment approach to understand the full impact of a company. We carefully consider a company's environmental, social and governance (ESG) factors.

By incorporating ESG factors into our fundamental investment-process, we believe we can identify risks and opportunities that the market may have ignored, and identify responsible companies.

**FI 04.3**

If assets are managed using a combination of ESG incorporation strategies, describe briefly how these are used in combination. [Optional]

The responsible investment process begins by applying exclusionary screens to the list of investment ideas approved by a portfolio manager for due diligence. The screens eliminate companies that derive significant revenue from the manufacture of alcohol, tobacco or weapons, or have significant involvement with nuclear power, gambling or Sudan. From this investable universe the investment team then begins its fundamental analysis.

The next step in the responsible investment process is for a company to undergo a rigorous, proprietary ESG evaluation. ESG research is fully integrated into the investment process such that both fundamental and ESG research analysts are able to identify and address company-specific ESG issues.

## (A) Implementation: Screening

**FI 06**

**Mandatory**

**Descriptive**

**PRI 1**

**FI 06.1**

Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

### Type of screening

- Negative/exclusionary screening

### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

## Description

Parnassus Investments applies exclusionary screens to the entire investment universe. The spirit of these exclusionary screens is to avoid investment in companies with negative impacts that outweigh any potential benefits from their business activities. Parnassus Investments does not invest in companies that derive significant revenue from the following activities:

- Manufacture alcohol or tobacco products
- Direct involvement with gambling
- Manufacture of weapons
- Generation of electricity from nuclear power
- Business involvement with Sudan

Positive/best-in-class screening

### Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

## Description

Parnassus Investments seeks to invest in companies with positive performance on ESG criteria. The ESG factors the investment team evaluates include:

- Corporate governance and business ethics
- Employee benefits and corporate culture
- Stakeholder relations
- Product, customers and supply chain
- Environmental impact

Norms-based screening



<b>FI 06.2</b>	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
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Parnassus Investments has extensive experience applying environmental, social and governance (ESG) screens to investment strategies. Since the founding of the firm in 1984 Parnassus Investments has applied ESG screens to its investment universe.

The spirit of the exclusionary screens is to avoid investment in companies with negative impacts that outweigh any potential benefits from their business activities. Parnassus Investments believes these lines of business do more social harm than good, and exclude companies with significant involvement for that reason. The majority of these screens have been applied to the firm's investment strategies since its inception. The Sudan screen was added in 2006 when the international community recognized the Darfur region conflict as genocide.

ESG profiles for portfolio companies are reevaluated on an annual basis. However, the investment team conducts a quarterly review of all investments, and during this review the ESG research team reassesses any material ESG factors that may affect the price of a stock.

Changes to the criteria would require a prospectus update. If Parnassus Investments were to make a change at the time of a regular prospectus update, the beneficiaries would be notified when they read the new prospectus (each beneficiary gets the new prospectus either electronically or via mail). If a change is made at a time other than that of the regular update, beneficiaries would be sent a supplement to the prospectus.

<b>FI 07</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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<b>FI 07.1</b>	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.
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- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

**(C) Implementation: Integration of ESG factors**

<b>FI 11</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1</b>
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**FI 11.1** | Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input checked="" type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input checked="" type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

**Fixed income - Government**

**FI 13** | **Mandatory** | **Core Assessed** | **PRI 1**

**FI 13.1** | Indicate if you incorporate ESG issues in investment analysis and decision making for your government fixed income investments.

Yes

**FI 13.2** | Indicate for what percentage of your government fixed income investments you incorporate ESG issues in investment analysis and decision making.

- <10%
- 10-50%
- 51-90%
- >90%

**FI 13.3** | Indicate if in active strategies, E, S and G issues are reviewed while researching government issuers.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input checked="" type="radio"/> We do not review corporate governance issues

**FI 13.4** Describe your approach to incorporating ESG issues in government fixed income investments. [Optional]

As of December 31, 2013, Parnassus Investments Fixed Income Fund invested in agency mortgage-backed securities and U.S. Treasuries. Parnassus Investments recognizes that there are some social investors who question investing in U.S. Treasuries due to the Government's funding of the Department of Defense. However, the Parnassus screens focus on excluding companies that generate significant revenue from the manufacture of alcohol, tobacco or weapons, companies that have direct gambling operations, companies that generate electricity from nuclear power facilities, and companies with business involvement in Sudan. Since the U.S. Government does not fit those criteria, U.S. Treasuries are available for inclusion in the Parnassus Fixed-Income portfolio as they do not violate the firm's responsible investment policy.

Parnassus Investments will invest primarily in investment grade tranches for commercial mortgage-backed securities or agencies. We narrow the universe by reviewing the composite loans in different portfolios. Certain portfolios are selected for their overall composition, like high exposure to multi-family loans and office loans. Other portfolios are avoided, if they have significant exposure to our exclusionary screens. Additional portfolios may be excluded if they have significant exposure to qualitative concerns.

No

<b>Communication</b>			
<b>FI 18</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>

**FI 18.1** | Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

We disclose it publicly

**Provide URL**

<http://www.parnassus.com>

**FI 18.2** | Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

**FI 18.3** | Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

Broad approach to ESG incorporation

Detailed explanation of ESG incorporation strategy used

**FI 18.4** | Indicate how frequently you typically report this information.

Quarterly or more frequently

Between quarterly and annually

Less frequently than annually

Other, specify

No

We disclose it to clients/beneficiaries only

We do not proactively disclose it to the public and/or clients/beneficiaries