



Parnassus Investments

Approach to Sustainable Investment

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Parnassus Principles

At Parnassus, our mission is to build wealth *responsibly* for long-term investors.

Consistent with its investment philosophy, and to drive long-term value for our investors, Parnassus considers sustainability and other material factors in its investment decision making, proxy voting and engagement strategies.

We invest with an owner's mindset, prioritizing long-term potential over short-term gains. We believe most well-run, long-term oriented companies can create enduring value—by creating jobs that support livelihoods; providing products and services that benefit society; and paying taxes that help support local and national infrastructure and services. We believe that the best companies enable the business and its stakeholders to thrive.

We have high standards for our portfolio companies. We believe that companies best create value for investors when they consider stakeholder impacts as part of and alongside financial metrics in business planning and strategic decision making. We expect companies to respect human, worker and community rights; and to support an engaged workforce with fair and inclusive practices; provide safe, healthy and equitable products and services; operate ethically and transparently; minimize and mitigate environmental impacts; and hold their suppliers to similar standards. We take these risks and standards seriously because we manage relatively concentrated portfolios, carefully investing in fewer companies than many active managers.

We believe that investors, companies, markets, society and our global financial system prosper best when these conditions are met. As investors, we encourage companies to adopt strong governance practices and to integrate environmental and social factors into decision making to better manage and mitigate financial and reputational risks, build more resilient and sustainable businesses and identify long-term opportunities for leadership and innovation. We believe that strong sustainability practices and performance can be signs of a high-quality management team and a long-term, strategic orientation that aligns with our investment goals.

The following Principles describe the conduct that we believe will help companies succeed and create enduring value for investors.



Respect for Human, Worker and Community Rights

We believe that companies should respect human and civil rights and strive to prevent, mitigate and remedy adverse impacts associated with their operations. This includes reducing negative environmental and public health impacts in communities of operation.

We believe that companies that are focused on generating growth and long-term value should respect workers' rights, such as the right to decent work, protection from discrimination and harassment, freedom of association and collective bargaining. We believe that such companies should safeguard the health, safety and well-being of their employees and contractors at work. Furthermore, we believe supporting an engaged workforce with fair and inclusive practices can help companies attract and retain talent, strengthen organizational effectiveness, and contribute to sustained innovation and long-term business success.

Further, we believe that company policies and actions should be consistent with globally accepted norms, such as the United Nations

Guiding Principles on Business and Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work (ILO Conventions).



Environmental Sustainability and Climate Change Mitigation

We believe that a changing climate, the transition to a low-carbon economy and the deterioration of critical ecosystems are among society's most pressing risks, and that these risks can directly apply to individual companies. We expect companies to recognize this, and as a result, continuously work to build and grow their businesses in a manner that minimizes and mitigates negative impacts on themselves and the environment and human health from their operations and supply chains. This includes reducing greenhouse gas emissions and the release of harmful pollutants; responsibly using and disposing of plastics and other waste; and thoughtfully managing climate- and water-related risks.



Promote Product Responsibility

We expect companies to respect consumers' rights to safe and healthy products and services and, where relevant, to consider equity and potential disparate impacts of their products and services on marginalized, vulnerable or disadvantaged communities. We expect companies to employ responsible, fair and ethical marketing and selling practices. Lastly, we expect companies to respect individual rights to privacy and digital safety.



Uphold Ethics and Transparency

We believe sound corporate governance is critical to drive long-term business success. We expect companies to identify and regularly disclose information on material sustainability-related issues, their actions to address them and related performance metrics. We expect companies to observe applicable laws and regulations to avoid resultant litigation and reputational risk. This necessitates strong compliance and ethics controls, leadership teams who model ethical conduct and reward

systems that incentivize such behavior. We expect companies to align political contributions and direct and indirect lobbying activities with their publicly stated values and commitments.



Sustainable Investment Policy

I. Introduction

Parnassus Investments' mission is to build wealth responsibly for long-term investors. This document sets out the policies used by Parnassus Investments, LLC (also referenced herein as "Parnassus Investments" or "Parnassus") to select companies for investment in the portfolios it manages or advises in accordance with the Sustainable Investment Policy ("SI Policy"). For the Parnassus Funds (the "Funds"), the sustainable investment guidelines are set forth in the Funds' prospectus. For our other advisory clients, the sustainable investment guidelines are detailed in the advisory agreements. These policies are subject to change and may be changed without the approval of or notification to shareholders of the Funds.

II. Summary

When making investment decisions, Parnassus Investments conducts fundamental research to evaluate a company's financial health, business prospects, corporate governance and management of sustainability-related risks and opportunities. Parnassus integrates sustainability factors into our investment process, in alignment with our Principles, as we believe these factors are relevant to our assessment of quality and the risk-return profile of invested companies.

Parnassus Investments integrates sustainability factors into its investment process to:

- Avoid material¹ risks that we believe may harm corporate financial performance over time;
- Pursue investments that we believe may appreciate over time due to positive sustainability factors and characteristics;

¹For purposes of these Principles, we consider a factor to be "material" if it would reasonably be expected to have an impact on the risk or returns of an investment.

- Invest in a responsible manner as described to our clients; and
- Inform our proxy voting, engagement strategy and other stewardship activities.

Parnassus Investments' sustainable investment research occurs in three stages:

- 1) determine securities' eligibility for consideration in the investable universe;
- 2) further analysis on securities of interest and 3) ongoing monitoring and research.

For non-U.S. equity securities, governance standards and market practices may differ considerably. For this reason, Parnassus applies context-specific standards in each market. Parnassus is committed to serve the best interests of shareholders and other clients invested in Parnassus investment strategies globally.

III. Eligibility for Investment Consideration

Applying Our Sustainability Lens

Parnassus Investments manages relatively concentrated, high-conviction portfolios of securities issued by businesses that we believe have durable competitive advantages, increasingly relevant products and services, strong management teams and sustainable business practices. To focus our investment team's resources on identifying and selecting high-quality companies, we apply a Sustainability Lens to identify companies that we believe may operate in a manner that is inconsistent with our Principles and investment philosophy (the "Caution List"). These are companies that we believe are exposed to heightened risk through their core business activities or due to problematic conduct or governance. We may invest in a company on the Caution List and/or remove it from the list based on individual evaluations of the needs of each investment fund or mandate.

Although we do not exclude any company or industry from consideration as a potential investment, as a result of following our investment strategies, philosophy and this Policy, we may have limited to no exposure to companies that are materially involved in certain activities, including but not limited to:

- Companies that manufacture or distribute weapons or sell critical weaponry components and munitions.
- Companies that manufacture tobacco products, including e-cigarettes.
- Companies that explore for, extract, produce or refine fossil fuels. We may have exposure to companies that provide ancillary products and services to the energy sector, and companies that use fossil fuel-based energy, provided that they meet our investment standards.

The Caution List is evaluated quarterly. Companies may be removed at any time if they demonstrate meaningful improvement in the area(s) of concern or have otherwise met our high-quality criteria, subject to approval by the CIO or a delegate.

Separately managed accounts may be subject to differing restrictions, per the agreement with the client.

A. Further Analysis on Securities of Interest

Within our investable universe, we seek to invest in high-quality companies with sustainable business practices and to avoid companies that exhibit problematic governance, or a pattern of poor stakeholder relationships and negative environmental performance. We examine material risks, which may be financial and/or reputational, and consider positive factors that may differentiate a company from its peers.

This assessment is integrated as part of a holistic investment review that describes the overall investment thesis and evaluates fundamental attributes of the company across the Parnassus quality characteristics of moat, relevancy, management and sustainable business practices as well as its valuation.

We evaluate sustainable business factors primarily based on sector relevance and market context. Examples of factors we may consider in evaluating companies include climate-related risk, product safety and quality, human capital management, environmental impacts of operations and products, community and stakeholder impacts, supply chain practices, and corporate governance.

B. Approved Security List and Security Selection

Compliance rules have been established to allow investment only in securities that have a completed investment review and have been approved for investment by the CIO or a delegate. Portfolio managers are responsible for selecting securities for the portfolio from the approved security list. They use their discretion to decide which securities to include in the portfolio and the timing of portfolio buys and sells to pursue the most attractive opportunities.

C. Ongoing Monitoring and Research

As part of our investment review process, the sustainable business practices for all current holdings are reviewed at least annually to ensure that the companies in our Funds or other client accounts continue to meet our quality thresholds.

If Parnassus obtains information that may affect a company's eligibility to remain in the firm's portfolios, the firm will consider whether divestment is warranted. If Parnassus decides to divest, the company must be sold within six [6] months of the divestment decision.

Adherence to this Sustainable Investment Policy is subject to compliance review on at least an annual basis.

IV. Exceptions to the Sustainable Investment Policy

Obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities and government-sponsored enterprises do not require a review of sustainability factors.

V. Additional Considerations: Available Data and Information

There is currently no regulated U.S. or global industry standard for sustainability-related disclosures by companies; therefore, research providers and companies will present findings differently or not at all. For many companies—particularly small and mid cap companies, initial public offerings and spin-offs, or companies in developing markets—information and research can be limited or minimal. Companies in this category can be approved for investment by the CIO or a delegate despite a lack of available information. In those cases, the investment analyst will provide a recommendation and the CIO or a delegate will make a final determination using the best available information at the time. It is possible that information that Parnassus would consider to be adverse may not be known to us at the time of investment.

Engagement and Active Ownership Policy

Parnassus Investments aims to invest in quality companies that succeed and create enduring value for investors, consistent with our Principles and investment philosophy.

This document describes the policies used by Parnassus in exercising active ownership. First, it addresses how we actively vote proxies; second, how we engage companies in dialogue about their business practices; and third, how we file shareholder resolutions when we determine that escalation is necessary in pursuing our impact and engagement goals. The actions outlined in this document are led by our dedicated Sustainability and Stewardship team.



I. Proxy Voting

Proxy voting is an important tool to promote best practices in corporate governance, executive compensation and other topics that appear on corporate proxy ballots. Parnassus Proxy Voting Policies and Procedures guide our voting decisions. These policies are publicly available on our website.

The Proxy Committee, composed of senior investment team members and other key staff, annually review our Proxy Voting Policies and Procedures and make revisions as appropriate. We vote all proxies in a manner consistent with our Proxy Voting Policies

and Procedures and our Principles. We do not delegate our proxy voting authority or rely solely on third-party recommendations to vote our shares.

II. Engagement

A. Purpose of Engagement

We engage companies in alignment with our Principles, to build value, and to mitigate potential risks. Engagements may be event-driven or represent ongoing concerns. We may also engage to better understand a company's governance, strategy, risk management or metrics and targets around material issues or to inform our Funds' proxy votes.

We engage companies both individually and collaboratively with industry partners. Through our engagements, we seek constructive dialogues that lead to demonstrable improvements, recognizing that companies may require flexibility and creativity to implement what is requested of them. If engagements are unsuccessful or companies are insufficiently responsive, we may utilize escalation tools, such as filing or co-filing shareholder proposals.

B. Methods of Engagement

We utilize a variety of methods to engage portfolio companies, including:

- Speaking or meeting with company management teams or other company representatives
- Letters from Parnassus to management or boards of directors
- Participating in collaborative efforts with industry peers, such as sign-on letters or engagement through working groups
- Filing shareholder proposals
- Other methods of communication

III. Filing Shareholder Resolutions

Parnassus Investments may file shareholder resolutions as part of an engagement-escalation strategy, or where it believes doing so may support long-term shareholder value. This process requires filing a formal written request for action on a specific topic with a company following SEC guidelines. Topics are derived from Parnassus engagement priorities and are approved by the managing director, sustainable investment strategy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GUIDELINES The Parnassus strategies evaluate ESG factors as part of the investment decision-making process, considering a range of impacts they may have on future revenues, expenses, assets, liabilities and overall risk. The strategies also utilize active ownership to encourage more sustainable business policies and practices and greater ESG transparency. Active ownership strategies include proxy voting, dialogue with company management, sponsorship of shareholder resolutions, and public policy advocacy. There is no guarantee that the ESG strategies will be successful.

Mutual fund investing involves risk, and loss of principal is possible.

The Parnassus Funds are distributed by Parnassus Funds Distributor, LLC.

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Before investing, an investor should carefully consider the investment objectives, risks, charges and expenses of the fund and should carefully read the prospectus or summary prospectus, which contains this information. A prospectus or summary prospectus can be obtained on the website, www.parnassus.com, or by calling (800) 999-3505 for a mutual fund prospectus or (855) 514-4443 for an ETF prospectus.



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