

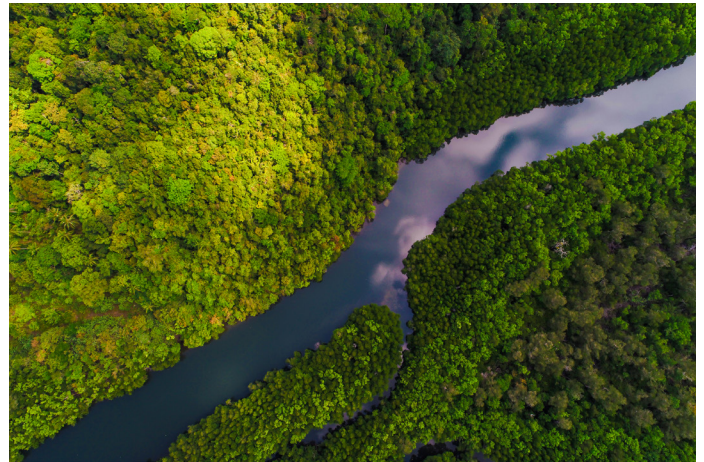
Responsible Investing Notes

Second Quarter 2022

We live in interesting times. Times marked by profound and historic environmental, societal and technological change, against a backdrop of stark political polarization, persistent inequality and an increase in devastating weather events around the world. Many people, seeking agency and influence over the direction, pace, and scale of this change, are using their investment dollars to build wealth responsibly in pursuit of a more sustainable future. In April 2022, I joined Parnassus as head of ESG stewardship to help our clients do exactly that—drive long-term value toward a better world. This past quarter, my first in the role, marked several important milestones in the furtherance of Parnassus’s decades-long responsible investment mission.

Importantly, we published Parnassus’s Principles to share with clients and companies the principles that guide our investment strategy. The document outlines our expectations for companies on human, worker and community rights; diversity, equity and inclusion in the workforce; product safety and equity; climate change and a just transition; environmental stewardship; and ethical and transparent operations. Alongside our principles, we published Parnassus’s ESG Investment Policy, which shares how we incorporate ESG into our investment and stewardship decision-making.

Also, Parnassus’s first shareholder resolution went to a vote at Republic Services (RSG) in June. The proposal asked RSG to conduct an environmental justice audit and report on the outcomes and its plans to rectify any existing or past disparate impacts. This proposal received support from 58% of independent votes cast (excluding votes from affiliated or insider shareholders), or 36% of shareholder votes cast overall. These results indicate a shared concern among RSG investors around



the potential impacts that unaddressed environmental injustice may have on stakeholders and shareholders alike. We plan to continue and expand this important and impactful work on environmental justice in the coming years.

We also concluded climate risk engagements with eight companies and, in particular, would like to congratulate PPG Industries (PPG), Old Dominion Freight Line (ODFL), and Xylem, Inc. (XYL) for the important improvements they made in their climate disclosure. PPG committed to set science-based targets; ODFL published its inaugural ESG report, which includes scopes 1, 2, and 3 emissions for the first time; and XYL published its inaugural TCFD report, its 2021 Sustainability Report and a refreshed Climate Action Plan.

In addition, Parnassus submitted a public comment letter to the SEC calling for improved public company climate change disclosures in response to the Commission’s request for feedback on a proposed rule. We believe that issuer transparency around greenhouse gas emissions and climate change-related

risks and opportunities would improve Parnassus's investment, engagement, and proxy voting decision quality and promote more efficient use of investor and company resources.

Finally, our strengthened proxy voting policy pressed for improvements in executive compensation, board composition and ESG performance on more than 1,400 ballot items at more than 100 companies in our portfolios. We used our voting power to express our views that companies best create value when they consider stakeholder impacts alongside financial metrics in business planning and strategic decision making. For more information on ESG stewardship and outcomes from the 2022 proxy season, please look for our ESG Stewardship Report, set for publication in Q3 2022.

I look forward to meeting many of you in the coming months and continuing to drive change and build value together.

Sincerely,



Marian Macindoe
Head of ESG Stewardship

Holdings and allocations are subject to change. For the current holdings of the [Parnassus Core Equity Fund](#), the [Parnassus Endeavor Fund](#), the [Parnassus Mid Cap Fund](#), the [Parnassus Mid Cap Growth Fund](#) and the [Parnassus Fixed Income Fund](#), please visit each fund's individual holdings page. Mutual fund investing involves risk, and loss of principal is possible.

Environmental, Social and Governance Guidelines: The Fund evaluates financially material 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 Fund also utilizes active ownership to encourage more sustainable business policies and practices and greater ESG transparency. Active ownership strategies include proxy voting, dialogue with company management and sponsorship of shareholder resolutions and public policy advocacy. There is no guarantee that the ESG strategy will be successful.

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