



Principles and Performance®

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The Principle of Racial Equity Supports Better Performance

Speaking out for racial equity is the right thing to do. It may also lead to better business outcomes. According to a study by the Wall Street Journal, companies with the highest levels of diversity are more likely to produce products and services that are innovative and inclusive, leading to stronger financial results than those of their peers. In other words, addressing racial equity and diversity gaps is good for business.

Taking Action for Racial Justice

Following the widely publicized deaths of George Floyd and other Black Americans last year, numerous businesses called for racial equity, including Parnassus Investments. We have taken several initial steps to help improve diversity and

inclusion in the workplace in 2020.

- We asked 19 companies held in our funds to disclose their EEO-1 data, which includes racial/ethnic and gender data by job category. We also asked ESG research providers to request EEO-1 data from the companies they evaluate. This information can serve as a public benchmark for establishing goals and measuring improvement.
- We adopted a new proxy voting policy that requires at least one person of color on corporate boards, and we have engaged with some of the companies held in our portfolios that do not meet this new requirement.
- We committed to investing \$6 million in community development financial institutions (CDFIs) that are Black-owned, Black-led or

predominantly serve Black communities via the Parnassus Funds.

Signature Engagement Issues in 2021

We believe that it is important for companies to continue working to achieve long-term progress on racial justice. This year, Parnassus has chosen two signature engagement issues, technology bias and environmental justice, that are directly linked to the civil rights of Black Americans and other people of color. Technology bias results in increased discrimination. For example, facial and speech recognition software reflects the bias of its creators, and has been found to register higher inaccuracies with non-white, non-male users. Environmental justice initiatives address inequities in protections from pollution and other environmental hazards.

Racial inequality is a complex, multi-generational issue, and we intend to stay focused on it. We encourage others to do so as well.

¹ Wall Street Journal. "The Business Case for More Diversity," October 26, 2019

For the current holdings of the 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 the fund's individual holdings web page. Current and future portfolio holdings are subject to change.

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Mutual fund investing involves risk, and loss of principal is possible. There are no guarantees any investment strategy, including a socially responsible (ESG) investment strategy, will be successful in any market environment.

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

Before investing, an investor should carefully consider the investment objectives, risks, charges and expenses of the Funds and should carefully read the prospectus or summary prospectus, which contains this information. A prospectus or summary prospectus can be obtained on the website,