

IMPACT HIGHLIGHTS

Engagement

How your investments drive social change

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Engagement

One of the core activities within socially responsible investing is engagement. Engagement is the process by which a mutual fund, as a shareholder, and on behalf of its shareholders (you), actively engages with companies about **Environmental, Social, and Governance** (ESG) topics. It is a powerful tool for addressing business practices to drive performance and social and environmental change. As a client who incorporates values into their investments, the following highlights how your money is being used to create positive change through engagement.

Fund Highlight



**PARNASSUS
INVESTMENTS®**

Parnassus Investments supplements fundamental research with direct dialogue with the companies in which they invest. They act as a leader in co-creating innovative solutions that support success for the fund, the companies themselves and the communities they impact. We appreciate their commitment to bringing these companies into direct conversation, thus creating meaningful real-world change.

Our shared belief is that if you can turn a large multinational company even a few degrees to the good, there is potential to create wide ranging positive social impact.

We've included two illustrations of their work.

Quick Facts about Parnassus

San Francisco based

**Founded in 1984 by
Jerome Dodson**

**Four equity and one fixed
income strategies**

**Every investment strategy
uses ESG criteria**

\$26 billion in managed assets

ENGAGEMENT STORIES



Sysco: Eliminating Slavery in the Supply Chain

When it came to their attention that food distributor Sysco Corporation was one of several large U.S. companies that were buying fish caught by people who were trafficked into slavery in Indonesia, they immediately initiated an engagement. Parnassus' goal was to convince Sysco to take decisive action to eliminate slavery in its supply chain, because they will not hold the stock of companies that profit from slavery.

Parnassus connected Sysco with experts on social supply chain management issues and, at their urging, the company decided to implement a comprehensive supplier code of conduct for their branded products that includes requirements related to human rights,

child labor, freedom of association, forced labor, discrimination, wages and benefits. As a result of this engagement:

Sysco eliminated 38% of its seafood suppliers because they did not meet their supplier code of conduct standards

They hired Southeast Asian employees with local language expertise to monitor suppliers

Sysco partnered with the World Wildlife Foundation, which maintains a database of acceptable and controversial suppliers, to audit its branded seafood business

ENGAGEMENT STORIES



The Opioid Crisis: Distributors Miss the Mark; CVS Steps Up

The opioid crisis is a complex national public health emergency, with addiction affecting more than two million Americans and overdose deaths reaching more than 70,000 in 2017 alone. There have been systematic failures along the entire drug supply chain. Drug distributors in particular have unique visibility into drug distribution patterns.

Parnassus shares the widely held belief that addressing this epidemic is a priority, which led them to engage in dialogue with senior management at McKesson Corporation and Cardinal Health, Inc., two of the largest drug distributors in the US. They aimed to discuss allegations that these firms had neglected their legal obligation to monitor controlled substance distribution and prevent suspicious orders from being shipped. Following these discussions, Parnassus concluded that the responses of both companies were insufficient and too slow,

given the growing scope and urgency of the problem—and they sold both holdings.

Parnassus' discussions with CVS yielded a different outcome. As a result of their engagement, Parnassus confirmed:

CVS is addressing opioid abuse, behind the pharmacy counter and within the patient community.

CVS is monitoring and enforcing limits on prescriptions, training pharmacists, and offering safe drug-disposal receptacles.

Based on these positive steps to help stem the opioid epidemic, Parnassus decided not to divest their CVS holdings.

This is an example of promoting companies that are making positive social change.