Principles and Performance®
January 2020

Organizations That Are Shaping the Future of ESG

As ESG investing continues to rise in prominence, investors can benefit by learning about the organizations that are shaping the conversation on this rapidly evolving approach to selecting investments.

Disclosure and Measurement Standards

A significant portion of investors today seek investments with positive environmental, social and governance profiles—and this trend is growing. Standardizing the disclosure of ESG information, as well as the scope, methods and indicators used to measure the ESG attributes of potential holdings, is becoming a vitally important part of investment decisions. While the quality and comparability of sources of ESG information is still imperfect, it's improving all the time. Below are four influential organizations that are working diligently to develop responsible investing standards. You may not hear about these organizations every day, but they are doing important work that we believe investors will likely rely on for many years to come.

SASB: Sustainability Accounting Standards Board

SASB (www.sasb.org) has developed financially material, industry-specific sustainability reporting standards to compare the ESG performance of companies relative to others in their industry. Investors can use the SASB standards to help develop a clearer understanding of the ESG risks and opportunities companies face.
TCFD: Task Force on Climate-Related Financial Disclosures

TCFD (fsb-tcfd.org) has released a set of widely applicable voluntary climate disclosure recommendations that companies can use to incorporate climate-related risk assessments into financial reporting, including 10-Ks. These model disclosures allow investors to increase their insight into the climate risks a company may face. The task force’s recommendations cover governance, strategy, risk management, and metrics and targets.

CDP: Formerly the Carbon Disclosure Project

CDP (cdp.net) has developed a global disclosure system for companies and cities to use in managing their environmental impacts. Participating organizations report annually to CDP, which then independently scores their progress with efforts to address climate change, deforestation and water security issues.

WDI: Workforce Disclosure Initiative

WDI (https://shareaction.org/wdi/) encourages listed companies to increase and improve their workplace disclosures and to report annually on topics such as supply chains, retention, health and safety, wages and diversity. The data reported to WDI can then be used by investors to engage with companies to create better quality jobs.

The views expressed are subject to change at any time in response to changing circumstances in the markets and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally, or the Parnassus Funds. Current and future portfolio holdings are subject to risks.

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, www.parnassus.com, or by calling (800) 999-3505.