

## FIRST QUARTER 2004



### Your Dollars at Work for Change

We engage the companies held in our portfolio by writing letters, filing shareholder resolutions, and meeting directly with corporate management to discuss issues of concern. We also speak out on public policy issues where we believe we can bring a unique perspective as a socially responsible investment firm.

Domini filed 22 shareholder resolutions to be voted on in 2004. Ten were withdrawn by the end of March 2004 when companies agreed to do what the resolution requested, or to meet us partway.

In addition to the campaigns described on this page, we are engaged in dialogue with a number of companies including the Gap, Nordstrom, McDonald's, Sears, and Walt Disney (global labor standards), Coca-Cola (human rights), and Procter & Gamble (Fair Trade coffee).

The first quarter of 2004 was an extraordinary period of social impact. Your investment in the Domini Funds made it possible for us to achieve significant successes in the campaigns described below.

**Diversity:** Discrimination on the basis of sexual orientation is a fundamental human rights issue — yet there is no national law that protects the rights of gays and lesbians. Domini persuaded three companies — **Masco**, **OGE Energy**, and **NiSource** — to amend their corporate policies to prohibit discrimination based on sexual orientation.

**Bias in the Media:** How much money are the major media companies donating to political parties and candidates, and how does it influence their reporting? **Time Warner** and **Tribune** agreed to disclose information on their websites regarding their political contributions. Time Warner's website also includes its positions on public policy issues.

**Executive Compensation:** Compensation for **AT&T** executives was based in part on the projected performance of the company's pension fund — a practice that artificially inflated their pay. After discussion with Domini, AT&T agreed to end this practice.

**The Environment:** Climate change may be the most important challenge currently facing our planet — yet most companies fail to report on how they impact the global climate. Domini and **Devon Energy** agreed to begin a dialogue regarding Devon's reporting on environmental issues, including climate change.

Thanks to the efforts of a shareholder coalition led by Christian Brothers Investment Services, **JPMorgan Chase** also moved to address its environmental performance, announcing that it would hire its first Director of Environmental Affairs.

**Intel** agreed to improve its dialogue with local communities about its environmental impact, in response to a shareholder coalition led by the Southwest Organizing Project.

**Sustainability Reporting:** Traditional corporate reports track a company's financial performance and business strategies. Sustainability reports show how a company is meeting the needs of tomorrow, by safeguarding human rights and the environment. In response to a shareholder coalition led by the Benedictine Sisters, **Cooper Industries** agreed to produce its first sustainability report. **Target** also agreed to work with Domini to improve the social and environmental reporting on its website.

**Human Rights:** When citizens of foreign countries are harmed by U.S. companies or their partners, how can they seek justice? The **Alien Tort Claims Act** allows them to sue in U.S. courts. Domini signed a Supreme Court brief in support of the Act, an important tool for holding human rights violators accountable. (The brief was filed by the International Labor Rights Fund.)

For more information about our shareholder advocacy work, including a complete chart of all shareholder proposals filed and access to our current proxy voting decisions, please visit [www.domini.com](http://www.domini.com) and select Shareholder Advocacy.

# 2003 Highlights

In 2003, Domini engaged companies making up 36% of the market capitalization of the Domini Social Equity Fund's portfolio on at least one social or environmental issue.

## 2003 ADVOCACY STATISTICS

Shareholder Resolutions Filed	26*
Additional Dialogues	10
Letters to Companies	25
<b>TOTAL</b>	<b>61**</b>

\*Includes resolutions coming to a vote in 2004.

\*\*Includes shareholder resolution filing, letter writing, or meeting(s) with company officials. Proxy voting and related correspondence is not included.

## SHAREHOLDER ADVOCACY

**Fair Trade Coffee:** In recent years, overproduction and falling prices have led to a crisis in the coffee market, leaving millions of farmers unable to feed, clothe, and educate their families. The Fair Trade certification system helps to alleviate poverty and suffering by guaranteeing farmers a minimum price of \$1.26 per pound, far above current market levels. In September, after months of dialogue with an investor group co-led by Domini, **Procter & Gamble** offered its first line of Fair Trade Certified® coffee.

**Women's Health:** Despite the epidemic of breast cancer among American women, there is still insufficient understanding of its causes. At **Avon**, Domini sponsored the first shareholder resolution ever filed regarding parabens, chemicals found in cosmetics that may be implicated in breast cancer.

## PUBLIC POLICY

**Proxy Voting Transparency:** Do you know how your mutual fund is voting? Domini has been disclosing its proxy voting guidelines since 1992, and its actual votes since 1999. In response to separate petitions from Domini, the AFL-CIO, and the Teamsters union, the Securities and Exchange Commission ruled that all mutual funds must disclose their proxy voting policies, procedures, and actual votes.

**Corporate Free Speech Rights:** When California activist Marc Kasky tried to hold Nike accountable for statements about its use of sweatshop labor, the company claimed these statements were protected as "noncommercial" or "political" speech. Domini filed an amicus brief with the U.S. Supreme Court, supporting Kasky and arguing that Nike's position threatens investors' ability to obtain information from corporations on a timely and accurate basis.

**A New Forum for Dialogue:** Domini Chief Investment Officer Steve Lydenberg helped launch the Institute for Responsible Investment, an affiliate of The Center for Corporate Citizenship at Boston College. The Institute provides a platform for dialogue on fundamental issues and theories underlying socially responsible investing and corporate citizenship. Visit [www.bc.edu/centers/ccc/Pages/cv\\_iri.html](http://www.bc.edu/centers/ccc/Pages/cv_iri.html).

Domini Social Investments manages more than \$1.8 billion in assets for individual and institutional mutual fund investors who wish to create positive change in society by integrating social and environmental criteria into their investment decisions. The Domini Social Equity Fund (NASDAQ: DSEFX) is the first and largest index fund managed according to social and environmental standards. Visit [www.domini.com](http://www.domini.com) or call 1-800-762-6814 to find out more.

The Domini Social Equity Fund is subject to market risks and is not insured. You may lose money. This information is provided for educational purposes only, and should not be considered investment advice with respect to any of the holdings listed. The Fund's portfolio is subject to change.

You should consider the Domini Funds' investment objectives, risks, charges, and expenses carefully before investing. Obtain a copy of the Funds' current prospectus for complete information on these and other topics, by calling 1-800-582-6757 or online at [www.domini.com](http://www.domini.com). Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). DSILD and Domini Social Investments are not affiliated with the Institute for Responsible Investment or Boston College. 10/04