

FIRST QUARTER 2005



Greenhouse Gases

Greenhouse gases (GHGs) are gases that tend to trap heat in the earth's lower atmosphere, causing global climate change. The major GHGs are carbon dioxide, methane, and nitrous oxide. The Kyoto Protocol also addresses hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

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.

Continuing Dialogues

In addition to the campaigns described on this page, we continued our dialogues with a number of additional companies, including **Coca-Cola** (human rights), **PepsiCo** and **Colgate-Palmolive** (HIV/AIDS), **Estée Lauder** (cosmetic safety standards), and **Gap Inc.**, **McDonald's**, **Sears**, and **Walt Disney** (global labor standards). **Apple Computer** also agreed to enter into dialogue with us regarding global labor standards.

For more information about our shareholder advocacy work, including ongoing dialogues, please visit www.domini.com and select "Shareholder Advocacy."

Shareholder resolutions give investors like you the power to raise important issues with company management and start a dialogue about them. When companies agree to do some or all of what we ask, we may withdraw a resolution before it comes to a vote. Withdrawals are a success. In the first quarter of 2005, we reached withdrawal agreements on issues including diversity, global warming, recycling, and sustainability reporting.

Global Warming: Global warming is a significant risk the world faces today. According to the Union of Concerned Scientists, current and increasing negative impacts include prolonged droughts, flooding along rivers and coastal areas, heat-related illness and death, and the loss of income from fishing, farming, and tourism.

For the last two years, we have urged several mid-sized energy producers in our portfolio to consider the possible effects of global warming and carbon regulation on their business. Last year, resolutions we co-filed at **Apache** and **Anadarko** gained the two highest votes ever received for global warming resolutions. This year, our investor coalitions withdrew their resolutions when both companies agreed to begin public reporting about their response to climate change.

Apache agreed to report its greenhouse gas (GHG) emissions in key countries, discuss its emissions reduction initiatives on its website, and report to its board each year on climate change issues. **Anadarko** agreed to acknowledge the importance of reducing GHG emissions, form a Climate Change Committee and adopt a GHG management plan, collect baseline emissions data, minimize GHG emissions by technological means, incorporate carbon constraints in its long-term strategic planning, and discuss climate risk in its 10-K SEC filings.

We also discussed global warming and other environmental issues with companies including **American International Group**, **Cinergy**, **Devon Energy**, and **St. Paul Traveler's**.

Global Poverty and Trade: The new report *Post-Multifiber Arrangement Challenges*, coauthored by Domini, CREA, and the Interfaith Center on Corporate Responsibility, presents the results of a survey of 65 American companies on their response to the expiration of the Multifiber Arrangement (MFA), an international treaty that established country quotas for garment production. It also suggests how companies can lessen the negative impact on developing countries. With the expiration of the MFA this year, much garment production is expected to shift to China, with devastating effects for the economies of poor countries like Bangladesh. The report can be ordered at www.iccr.org/publications/.

Sustainability Reporting: **Wendy's International** agreed to produce its first report on its social and environmental performance in exchange for the withdrawal of our resolution. After a withdrawn resolution and dialogue, **Target** published its first sustainability report, available on the company's website.

Corporate Political Contributions: In response to our resolution, **BellSouth** posted its public policy positions and political contributions policy on its website, but continued to oppose disclosure of its actual contributions.

Diversity: Our resolution requesting a sexual orientation nondiscrimination policy at **Emerson** received a strong 34.7% vote. A resolution at **Amgen** was withdrawn when the company agreed to disclose diversity information on its website, and to continue our dialogue regarding workplace diversity.

Recycling: A resolution at **PepsiCo** was withdrawn in recognition of their involvement in an industry group evaluating possible methods of increasing recycling rates for beverage containers.

Social investors often collaborate with others on campaigns. The following institutions are leading the initiatives noted above: **Apache** (Boston Common Asset Management), **Anadarko** (Trillium Asset Management), **Amgen** and **PepsiCo** (Walden Asset Management).

2004 Highlights

As a shareholder in the Domini Funds, you make a difference in the world. Listed below are highlights of how you made a difference in 2004. To read our quarterly Social Impact Updates and find out more about the shareholder advocacy efforts we conduct on your behalf, visit the Shareholder Advocacy section of our website, www.domini.com, and select “Current Work.”

ANNUAL ADVOCACY STATISTICS

Action	2003	2004
Resolutions Filed	26	20
Additional Companies	35	55
TOTAL*	61	75
% of Domini Social Index Portfolio**	36%	43%

*Includes filing of a shareholder resolution, correspondence with the company, or at least one teleconference or meeting with company officials. Proxy voting and related correspondence is not included.

**Based on market capitalization of companies in the portfolio as of December 31, 2004. Does not include companies removed from the Portfolio during the period.

CORPORATE ENGAGEMENT

Global Labor Standards: In May 2004, **Gap Inc.** released its first Social Responsibility Report, after two years of dialogue between the company and a coalition of socially responsible investors including Domini Social Investments. This report, which focuses largely on labor standards in the factories that make Gap products, set new standards of transparency for the apparel industry. Even Gap’s critics praised the company for its frank discussion of factory work conditions. The company plans to update the report annually in the future.

Global Poverty and Trade: From 1974 through 2004, developing countries benefited from quotas on exports to developed countries under an international treaty called the Multifiber Arrangement (MFA). The expiration of the treaty could create a significant humanitarian crisis. We wrote to 20 companies in our portfolio, asking how they plan to respond to the new quota-free environment, and urging them to consider the human effects of their decisions.

Diversity: **Masco**, **OGE Energy**, and **NiSource** agreed to amend their corporate policies to prohibit discrimination based on sexual orientation.

Corporate Political Contributions: **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.

Fair Trade Coffee: **Procter & Gamble** began to sell Fair Trade Certified® coffee in supermarkets across the United States. P&G began selling Fair Trade Certified coffee online in 2003, after an intensive dialogue co-led by Domini.

PUBLIC POLICY

Proxy Voting Transparency: In 2004, every U.S. mutual fund was required to reveal its complete proxy voting record for the previous year, under a rule that Domini petitioned for.

Human Rights: Domini signed a Supreme Court brief in support of the Alien Tort Claims Act, an important tool for holding human rights violators accountable (the brief was filed by the International Labor Rights Fund).

ABOUT DOMINI SOCIAL INVESTMENTS

We manage more than \$1.9 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 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 Funds’ 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 1-800-762-6814 or online at www.domini.com. Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 03/05