

FOURTH QUARTER 2005



Freedom of Expression on the Internet: With more than 111 million citizens online, China represents the second largest Internet market in the world, and a substantial challenge for American Internet companies. As the State Department, Reporters Without Borders, and Amnesty International have documented, the Internet in China (and in other repressive regime countries) is very different from the wide-open platform for communication and ideas we have come to take for granted. In China, the Internet is heavily censored, and has been used to track down and jail dissidents.

Shi Tao, a Chinese journalist, is currently serving a ten-year jail sentence for forwarding an email regarding the anniversary of the Tiananmen Square massacre. **Yahoo*** has admitted to providing the Chinese authorities with information leading to his arrest. **Microsoft** censors its Chinese-language search engine, and took down a blog by another Chinese reporter who posted politically sensitive information. **Cisco Systems** has been accused of helping to build China's information technology "backbone," known as "the Great Firewall of China."

On November 7, Domini joined with Boston Common Asset Management and Reporters Without Borders to announce a joint statement of investors calling on Internet businesses to respect freedom of expression worldwide. The statement, endorsed by more than 25 institutions in four countries representing more than \$20 billion in assets, was drafted by Domini, Boston Common, and Reporters Without Borders. Our joint press conference, held at the Overseas Press Club in New York City, received worldwide coverage. (Select "Current Work" in the Shareholder Advocacy section of our website for a copy of the statement.)

On November 15, a shareholder resolution filed by Boston Common and Domini, calling on Cisco to adopt a human rights policy that includes freedom of expression, received a vote of approximately 13% — a strong showing for a first-year resolution. We are currently in dialogue with Cisco Systems and Microsoft on these issues.

Forestry Practices: Domini filed resolutions calling on **Kimberly-Clark, Limited Brands,** and **Lowe's** to prepare public reports regarding their commitments to sustainable forestry practices. We were pleased to withdraw our resolution at Limited Brands, the parent of Victoria's Secret, in exchange for a commitment to dialogue, and to publicly report on its efforts to increase the use of recycled content and material certified by the Forest Stewardship Council in its catalogs. FSC provides the only certification scheme recognized by the conservation, indigenous, and business communities. Lowe's responded to our request for an update on its forestry policy with a slim report on its website. We currently intend to move forward with our resolution.

New and Continuing Dialogues: In addition to the companies discussed in this report, we continued discussions with **Coca-Cola** (human rights), **Dell** (energy use, recycling, and overseas labor standards), **Disney, McDonald's,** and **Nordstrom** (global labor standards), **Pepsico** (recycling and water use), and **Procter & Gamble** (Fair Trade coffee). We also met with a group of electronics companies working to address supply chain working conditions, including **Cisco, Hewlett-Packard,** and **Microsoft.**

We hosted a meeting with the **Doe Run Company*** and **Johnson Controls** to discuss serious environmental and public health concerns at a lead smelter in La Oroya, Peru. Johnson Controls purchases lead from Doe Run for the manufacture of car batteries.

*As of December 31, 2005, we did not hold Yahoo or Doe Run in any of our portfolios.

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 17 resolutions for the 2006 proxy season, including the following (please visit www.domini.com for a complete list):

Company	Issue
Apple	Supplier Code of Conduct*
Avon	Toxics Policy Report
AT&T, BellSouth, Verizon	Political Contributions
Devon Energy	Climate Change Report
Monster Worldwide	Board Diversity
Wendy's	Sustainability Report

*Withdrawn



2005 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 2005. 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	2004	2005
Resolutions Filed*	20	20
Additional Dialogues	30	22
Additional Companies Contacted	25	2
TOTAL**	75†	44
% of Domini Social Index Trust by Market Cap††	43%	40%

* Includes resolutions filed during the calendar year.

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

† Includes a survey of 20 companies.

†† Based on companies in the Domini Social Equity Fund's portfolio as of the end of the calendar year. Does not include companies removed from the portfolio during the period.

CORPORATE ENGAGEMENT

Environmental: Domini helped convince JPMorgan Chase — a \$1.1 trillion bank with operations in more than 50 countries — to adopt a comprehensive environmental policy, addressing global warming, illegal logging, protection of habitats, and the rights of indigenous peoples. It will impact the bank's loans, investments, research and lobbying activities, employee training, and internal operations. Our coalition, led by Christian Brothers Investment Services, helped convince the bank to hire its first Director of Environmental Affairs in 2004.

Global Labor Standards: In response to a shareholder resolution filed by Domini, Apple Computer adopted a code of conduct for the suppliers that manufacture its products around the world. The code, which incorporates significant comments from our shareholder coalition, covers the core conventions of the International Labor Organization, including strong provisions on freedom of association, collective bargaining, and forced labor.

Nondiscrimination: After a five-year campaign, Emerson Electric agreed to amend its company-wide nondiscrimination policy to prohibit discrimination against its gay and lesbian employees.

Retail Store Siting: Domini and Christian Brothers Investment Services released *Out of the Box: Guidelines for Retail Store Siting*, a 38-page report including a set of nine social and environmental guidelines for big-box retailers to use in making decisions about store site locations, land procurement, and leasing. The guidelines were supported by an additional 16 institutional investors and mutual fund families representing \$32 billion in assets under management. (The report is available at www.domini.com.)

Global Poverty and Trade: Domini coauthored the report *Post-Multifiber Arrangement Challenges*, presenting the results of a survey of 65 American companies on their response to the expiration of the Multifiber Arrangement, an international treaty that established country quotas for garment production. It suggested how companies can lessen the negative impact on developing countries. (The report, published by the Interfaith Center on Corporate Responsibility in its "Corporate Examiner," is available at www.iccr.org.)

ABOUT DOMINI SOCIAL INVESTMENTS

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 standards 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 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 1-800-762-6814 or online at www.domini.com. Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 03/06

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