

FOURTH QUARTER 2009



Domini Seeks Disclosure of Corporate Political Contributions

On January 22, the U.S. Supreme Court issued a historic decision in *Citizens United vs. Federal Election Commission*, removing limits on corporate financing of election advertising targeted at specific candidates and issues.

In the weeks following the decision, Domini drafted a set of possible policy responses that has been submitted to the leadership in the House of Representatives. We have been working to hold companies accountable for their political spending since 2006, by seeking full disclosure of corporate political contributions and oversight by the company's board of directors. We have successfully convinced **Verizon** and **American Express** to fully disclose their political contributions. In the fourth quarter, we filed three proposals on this topic with **AT&T**, **Goldman Sachs**, and **JPMorgan Chase**.

In 2008, our proposal at Goldman Sachs resulted in a new company policy not to make political contributions from corporate funds. At all three companies, our request includes disclosure of the company's payments to trade associations and other organizations that engage in political activity. These organizations are often used by companies to take unpopular positions on issues such as climate change and healthcare reform that the companies would not wish to be directly associated with. Quite often, these increasingly unaccountable organizations take positions even their corporate members don't support.

For example, both the Chamber of Commerce and National Association of Manufacturers have been staunch opponents of legislation to address climate change. Domini has been participating in a letter-writing campaign to companies that have made notable efforts to address climate change, asking them to express their concerns to these organizations, withhold their dues, or pull out.

Domini Helps Shape Public Policy

In September, Domini joined a group of 181 investment institutions, representing \$13 trillion, in calling for a strong **global climate change treaty**. The statement, coordinated by Ceres, was purportedly the largest investor statement on climate change ever issued.

In October, Domini's Managing Director and General Counsel participated in the second public meeting of the Securities and Exchange Commission's **Investor Advisory Committee**, where he is serving as the Committee's "social investor" representative.

That month, the SEC reversed a policy adopted during the Bush Administration that permitted companies to omit shareholder proposals from their proxy statements that asked for disclosure of the financial risks stemming from issues like climate change, predatory lending and human rights. Domini worked on this issue for several years, and was one of several investor representatives that met with SEC staff in September seeking this change.

Also in October, Domini testified at a joint **hearing on vehicle emissions** held by the Environmental Protection Agency and the National Highway Traffic Safety Administration. Proposed regulations would increase fuel efficiency and decrease greenhouse gas emissions from light-duty vehicles.

As of December 31, 2009, American Express, AT&T, Cisco Systems, Coca-Cola, Goldman Sachs, International Paper, JPMorgan Chase, Nucor, RR Donnelley, and Verizon represented 0.3%, 3.3%, <0.1%, 0.3%, 0.7%, 0.5%, 2.8%, <0.1%, 1.5%, and 1.6%, respectively, of the Domini Social Equity Fund's portfolio. The composition of the Fund's portfolio is subject to change.

Current Shareholder Proposals

Domini met with six companies during the quarter and filed shareholder proposals with the following companies:

- **AT&T, Goldman Sachs, and JPMorgan Chase** (political accountability)
- **Cisco Systems** (human rights), 34% vote
- **Coca-Cola** (toxics in consumer products)
- **International Paper and RR Donnelley** (sustainable forestry)
- **Nucor** (slave labor in Brazil)

2008 Highlights



Domini Social Investments was among the winners of *Fast Company* magazine's fifth annual Social Capitalist Award, in the first year that for-profit companies were eligible for selection.

These awards recognize organizations and companies that use the tools of business to solve the world's most pressing social problems. (Winners were featured in the December/January 2008 issue of *Fast Company*, with expanded online coverage at www.fastcompany.com.)

As a shareholder in the Domini Funds, you make a difference in the world. Listed below are some of the ways that you made a difference in 2008. To read our quarterly Social Impact Updates and find out more about the shareholder advocacy efforts we conduct on your behalf, visit the Shareholder Activism section of our website, www.domini.com.

Global Network Initiative: Around the world, Internet and communications technology companies face requests from governments to censor and remove information, and to provide information on their users. In 2008, Domini helped to launch the Global Network Initiative, a multi-stakeholder group that opposes government censorship and threats to privacy worldwide. The group includes **Google, Microsoft, Yahoo**, and a range of human rights and academic organizations.

Sustainable Forestry: Of the twenty shareholder resolutions Domini filed for the 2008 proxy season, six related to sustainable forestry and climate change. **Best Buy** agreed to work with Domini to develop a sustainable paper purchasing policy and the packaging manufacturer **MeadWestvaco** agreed to study the feasibility of phasing out the use of wood fiber not certified by the Forest Stewardship Council and to increase its use of recycled fiber.

Project Kaleidoscope: Domini helped to produce the final report of Project Kaleidoscope, a multi-year collaborative effort, which included **McDonald's** and the **Walt Disney Company**. The Project's Working Group developed and successfully field-tested a new approach to achieving long-term improvements in factory working conditions. The project was field-tested at 10 contractor factories in southern China that produce goods for McDonald's restaurants and Disney licensees.

Child Labor in Uzbekistan: In 2007, the International Labor Rights Forum brought to our attention the annual forced mobilization of children in Uzbekistan to harvest cotton. In 2008, Domini helped lead a group of investors that sent letters to more than 100 corporations around the world, prompting them to start tracing the source of their cotton purchases. The group's efforts included meetings with the U.S. State Department and letters to Uzbek President Karimov, the Secretary General of the International Labor Organization, and Secretary of State Condoleezza Rice.

Investing and Genocide: In September 2008, Domini briefed the Congressional Human Rights Caucus on what investors can do to address genocide and other crimes against humanity.

As of December 31, 2009, Best Buy, McDonald's, Google, MeadWestvaco, Microsoft, and Walt Disney Company represented <0.1%, <0.1%, 1.4%, <0.1%, 3.5%, and <0.1%, respectively, of the Domini Social Equity Fund's portfolio. Yahoo was not held in the Fund's portfolio. The composition of the Fund's portfolio is subject to change.

ABOUT DOMINI SOCIAL INVESTMENTS Domini Social Investments manages mutual funds for individual and institutional investors who wish to create positive change in society by integrating social and environmental standards into their investment decisions. Visit www.domini.com or call 1-800-762-6814 to find out more.

The Domini Funds are subject to market risks and are 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' portfolios are 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. Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor. 03/10

YOUR DOLLARS AT WORK FOR CHANGE

Domini can help you bring about positive change in three ways: by applying social and environmental standards to our holdings, by engaging the companies we invest in, and by directing capital to communities where the need is greatest.

By creating and applying standards of corporate behavior, we encourage transparency, spur demand for more information, and reshape the way the world thinks about corporations and their role in our lives.

By writing letters, meeting directly with corporate management, filing shareholder resolutions, and actively voting our proxies, we make the voices of our shareholders heard on a wide range of issues.

And by investing in underserved communities, we help low-income people buy homes, start businesses, and revitalize their neighborhoods. Domini also speaks out on public policy issues where we believe we can bring a unique perspective as a socially responsible investment firm.