



## THIRD QUARTER 2010

### New and Continuing Dialogues

Domini worked on the following issues during the quarter:

- Corporate political accountability (Goldman Sachs, JPMorgan Chase)
- Internet freedom (Cisco Systems)
- Sustainable seafood (Costco)
- Sustainable forestry (Best Buy, Home Depot, International Paper, Kimberly-Clark, Lowe's, Procter & Gamble)

### Public Policy

Domini participated in a **Government Accountability Office** study on the effectiveness of the Sudan Accountability and Divestment Act, and signed a letter asking the **U.S. EPA** to regulate coal-ash disposal.

### Nucor Agreement Recognized by UN PRI and ILO

In August, Domini announced an important agreement with Nucor to address modern slavery. In its annual "report on progress," the UN-backed Principles for Responsible Investment highlighted Domini's engagement with Nucor as a best practice. The International Labor Organization (ILO) also featured the agreement on its website.

As of September 30, 2010, Best Buy, Cisco Systems, Costco, Goldman Sachs, Home Depot, International Paper, JPMorgan Chase, Kimberly-Clark, Lowe's, Nucor, and Procter & Gamble represented <0.1%, <0.1%, <0.1%, 0.2%, <0.1%, 0.5%, 3.2%, 2.0%, <0.1%, <0.1%, and 0.3%, respectively, of the Domini Social Equity Fund's portfolio. Toyota Motor was not held by the Domini Funds. The composition of the Funds' portfolios is subject to change.

### Toyota Motor Cuts Ties with Burmese Military Regime

When your investment dollars buy shares in one company and avoid another, does it really make a difference?

After three years of dialogue with investors, Toyota Motor, the world's largest auto-maker, took an important step to distance itself from the brutal military regime in Burma. That step was the direct result of investors who care about how they make money.

To serve responsible investors, Domini uses a comprehensive set of social and environmental standards to select its investments. To apply these standards, our analysts must dig deeply to uncover information many companies would prefer remained in the dark.

While researching Toyota Motor in 2006, Shin Furuya, one of Domini's lead research analysts, discovered that Toyota Tsusho, the company's major trading partner, was in partnership with the Burmese regime to sell motorcycles, light trucks, and cars. The regime tightly restricts the domestic market for these vehicles to its wealthiest citizens, and those with military connections. This information was uncovered in Japanese, and was apparently unknown to both human rights activists and investors.

Based on these factors, and several other concerns, Domini determined that Toyota Motor did not meet our standards for investment. We didn't buy their stock, but we didn't let them off the hook. We shared our findings and, together with other investors, expressed our concerns to the company. At a 2007 meeting of the Japan Society, Shin and a colleague from Trillium Asset Management hand-delivered a letter to the chairman of Toyota Motor.

**"[W]e are pleased to report to you that as of June 2010, TTC [Toyota Tsusho] had sold all of its shares in its Myanmar Suzuki joint venture... TTC is now fully divested from its joint venture operations in Burma."**

*Toyota Motor North America letter to investors*

At first, Toyota Motor said that it did not control its trading partner and was not responsible for its actions. Our research, however, showed otherwise. Toyota Motor, Shin found, owns more than 20% of Toyota Tsusho, is Toyota Tsusho's biggest customer, and has several representatives on its board of directors.

Working with Trillium, Boston Common Asset Management and the Interfaith Center on Corporate Responsibility, we continued to pursue dialogue with the company. Gradually, Toyota's position changed.

In March 2008, a Toyota official wrote: "I would like to reassure you that Toyota shares your concerns about the human rights situation in Burma." This August, after three years of dialogue, Toyota Motor revealed that its trading partner had ended its joint venture with the government of Burma.

In November 2010, the Burmese regime intends to hold its first national elections in 20 years. Aung San Suu Kyi, the winner of the 1990 elections, remains under house arrest, and will not appear on the ballot. The regime holds about 2,100 other political prisoners.

Domini's research process, grounded in our Global Investment Standards, is based on protection of the environment and fundamental human dignity. Toyota Motor's action, prompted by our concerns, sends an important message that the violent suppression of democracy in Burma is unacceptable.

# 2009 Highlights

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 2009. 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](http://www.domini.com).

## Celebrating 15 Years of Shareholder Activism

2009 marked the 15th anniversary of Domini's shareholder activism program.

Since 1994, we have filed more than 200 resolutions with more than 80 companies and engaged in numerous long-term dialogues with corporate management on a range of social, environmental, and governance issues.

**Predatory Credit Card Practices:** As part of a campaign against credit card practices that lock consumers in a deepening cycle of debt, Domini filed resolutions with **Bank of America** and **American Express**. Domini's resolution with Bank of America gained a vote of more than 33%. Among other suggestions, the resolution asked the company to end the practice of raising interest rates on customers who had not been delinquent in their payments. We were pleased to be able to withdraw our proposal at American Express after productive discussions with the company.

**Domini Executive Selected for SEC Investor Advisory Committee:** Domini's Managing Director and General Counsel was selected to join the Securities and Exchange Commission's newly formed **Investor Advisory Committee**. The 18-member committee was established to provide the SEC with the views of a broad spectrum of investors on the Commission's regulatory agenda.

**Domini Urges Mandatory Corporate Sustainability Reporting:** Domini worked with the **Social Investment Forum** on a proposal asking the SEC to require companies to produce an annual sustainability report using the **Global Reporting Initiative (GRI)** guidelines, the world's leading format for corporate sustainability reporting. Domini also joined other shareholders in a successful effort to ask the SEC to reverse its practice of allowing companies to exclude from their proxy statements proposals that ask companies to conduct a "risk evaluation" of a social or environmental issue.

**Domini Seeks Disclosure of Corporate Political Contributions:** In the fourth quarter of 2009, Domini filed shareholder proposals asking **AT&T**, **Goldman Sachs**, and **JPMorgan Chase** to fully disclose their political contributions.

**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](http://www.domini.com) or call 1-800-582-6757 to find out more.

As of September 30, 2010, American Express, AT&T, Goldman Sachs, and JPMorgan Chase represented 0.2%, 4.0%, 0.2%, and 3.2%, respectively, of the Fund's portfolio. Bank of America was not held by the Fund at the end of the period. The composition of the Fund's portfolio is subject to change.

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](http://www.domini.com). Please read it carefully before investing or sending money.*  
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## 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.