



THIRD QUARTER 2011

Corporate Engagements on Human Rights and the Environment

Global fisheries around the world are stressed, and recent scientific studies paint a dire picture for the future of our oceans. Companies that sell fish and other seafood must therefore ensure that their purchases are responsible and sustainable if they are to continue to meet consumer demand into the future. In 2010, after engagement with other socially responsible investors and a Greenpeace campaign, **Costco** adopted a sustainable seafood policy. Since that time, we have participated in calls with the company to receive updates on its implementation. This quarter, Costco reported that they have eliminated all “red-listed” species from their stores worldwide, and continue to work with World Wildlife Fund to assess various fishery certification schemes. We applaud the company for these steps, and will continue to monitor their progress.

Asking the Right Questions

As our research team works to evaluate current and prospective holdings for our mutual funds, they regularly reach out to companies for further information, and to express concerns and advocate for policy changes. This quarter, members of our research team engaged with the following companies:

- **Royal Dutch Shell*** (oil sands, hydraulic fracturing and community relations, including Nigeria)
- **Chaoda Modern Agriculture** (genetically modified seeds and employee benefits)
- **Nippon Meat Packers** (food safety including genetically modified animal feed, growth hormone and antibiotics)
- **Ito En and Nissin Foods Holdings** (food safety issues regarding radiation contamination related to the Fukushima nuclear disaster in Japan)
- **Petrobras** (designing plant capacities for development projects in water flooded oil fields)
- **GE Measurement & Control Solutions*** (safety issues in the energy industry including pipe damage, corrosion, hydraulic fracturing and methane monitoring)
- **MTN Group** (freedom of expression and privacy)
- **Sumitomo Mitsui Trust Holdings*** (governance, diversity and the environment)
- **Intel** (sustainability strategy)
- **University National Bank*** (prepaid cards and community impacts)
- **ExxonMobil* and BP*** (sustainability reporting).

Oil and gas companies face a range of critically important environmental and social issues. As investors, we have a special opportunity to raise these issues with management, and ensure that they stay on their agenda. We participated in two meetings with executives from **Apache Corporation**, including a meeting with Apache’s CEO. Our discussions included the company’s approach to human rights and environmental issues around the world, including a detailed discussion of the practice of hydraulic fracturing.

In 2002, we filed a shareholder proposal that led to **Gap**’s first public report discussing its efforts to foster decent working conditions for the thousands of men and women that manufacture its clothing in supplier factories around the world. What began with confrontation quickly became collaboration. We have continued to work with the company since then as part of its Public Reporting Working Group (PRWG), providing extensive feedback on each of its subsequent sustainability reports. In September, Gap issued its latest sustainability report, which includes a statement from the PRWG.

During the quarter, we also met with computer chip manufacturer **AMD** to discuss their overall approach to sustainability, and wrote to **Hewlett-Packard**, **Juniper** and **Qualcomm** about freedom of expression and privacy issues.

Oil & Gas Companies Operating in Syria and Libya

The Conflict Risk Network (CRN) is a network of investors and other stakeholders working to ensure that corporations uphold human rights and support peace and stability when operating in areas affected by genocide and mass atrocities. Domini is a founding member of CRN, and serves on its advisory board.

During the quarter we worked with CRN members to engage **Saras***, an Italian oil company, to express concerns regarding its sales of fuel to the Libyan military under Qaddafi. We also participated in a CRN engagement with 11 oil and gas companies operating in Syria, expressing concerns regarding the Syrian government’s violent crackdown on pro-democracy activists.

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During the quarter, Domini continued to participate as an active member of the board of the **Global Network Initiative**, a human rights organization addressing threats to freedom of expression and privacy on the Internet and other telecommunication technologies. (GNI includes **Microsoft**, **Yahoo**, **Google** and **Evoca**[†].)

Working in Coalition with Investors and NGOs

In addition to CRN, during the quarter we worked with a number of other investor-organizations, including Ceres, the **Investor Environmental Health Network**, **SIRAN** (the Sustainable Investment Research Analyst Network), and the **Interfaith Center on Corporate Responsibility**. Domini is also a member of the United Nations'-backed **Principles for Responsible Investment (PRI)**. It is not sufficient that investors merely endorse "responsible investment." The PRI seeks to hold its signatories accountable through a comprehensive annual survey. We were pleased to be invited to join the PRI's North American Regional Committee, to provide feedback on a draft reporting framework the organization is developing for use by PRI signatories.

Domini also works closely with human rights and environmental advocacy organizations to help deepen our research, plan our corporate engagement work, and learn about emerging issues. During the quarter, we consulted with the following organizations: **Forest Footprint Disclosure Project**, the **Silicon Valley Toxics Coalition**, the **Natural Resources Defense Council**, **Greenpeace** and the **Center for Responsible Lending**.

On June 16, 2011, the UN Human Rights Council endorsed a set of "Guiding Principles on business and human rights" that were developed by Professor John Ruggie during his tenure as the UN Secretary General's Special Representative on Business and Human Rights. Professor Ruggie's team has now created **SHIFT**, a new human rights organization, to advise corporations and governments on the implementation of the UN Guiding Principles. We were pleased to spend a day with the SHIFT team to discuss their mission and strategic goals. Members of our research team also attended a meeting hosted by Barclays Capital and the Institute for Human Rights and Business to discuss the UN Guiding Principles.

Domini in Japan

In July, one of our lead research analysts travelled to Tokyo to participate in a variety of meetings with companies and local NGOs. While in Japan, in addition to an hour-long radio interview and a speaking engagement organized by Amnesty International, he met with **T&D Asset Management**[†], the asset management arm of the fifth largest insurance group in Japan, to discuss sustainability, and **Sony** to discuss conflict minerals, privacy concerns and business strategies for environmental technologies. He also met with *Human Rights Watch*, the *Polaris Project* (on human trafficking issues), the *Ethical Cell Phone Campaign* (working on conflict minerals) and board members and the Secretary General of *Amnesty International Japan*.

*Companies followed by an asterisk are not currently approved for Domini's mutual fund portfolios.

[†]Evoca and T&D Asset Management are not publicly traded and are therefore not currently approved for Domini's mutual fund portfolios.

As of 12/31/2011, these companies represented the following percentages of the Domini Social Equity Fund's portfolio: Apache (1.3%), Cisco Systems (0.2%), Costco (<0.1%), Gap (0.3%), Google (<0.1%), Hewlett-Packard (<0.1%), Intel (3.6%), Microsoft (4.1%) and Yahoo (<0.1%). MTN Group represented 1.0% of the Domini International Social Equity Fund's portfolio. AMD, Chaoda Modern Agriculture, Ito En, Juniper, Nippon Meat Packers, Nissin Foods, Qualcomm, and Petrobras were not held by any of the Domini Funds. The composition of the Funds' portfolios 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 1-800-582-6757 to find out more.

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Before investing, consider the Funds' investment objectives, risks, charges, and expenses. Visit www.domini.com or call 1-800-762-6814 for a prospectus containing this information. Read it carefully.

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