



FIRST QUARTER 2007

New and Continuing Dialogues
 During the first quarter, we met with 15 companies (in person or by phone), including **Apache*** (met with CEO to discuss natural gas pricing and marketing), **Apple** (global labor standards), **AT&T*** (government phone surveillance), **Coca-Cola*** (human rights and recycling), **Disney** and **McDonald's** (global labor standards), **FedEx** (sustainability reporting), **Gap Inc.** (sustainability reporting), **Kimberly-Clark** and **Lowe's** (forestry practices), and **Target*** (PVC packaging).

We wrote to **Citigroup's** CEO to raise questions about the bank's efforts to maintain its good record of lending to low- and medium-income borrowers, and to **HSBC** questioning the bank's participation in the IPO of Samling, a Malaysian timber company whose practices appear to violate HSBC's environmental policies.

We withdrew shareholder resolutions filed with four companies including **EOG Resources**, which agreed to publish a climate change position statement and disclose its greenhouse gas emissions.

*The following institutions are leading the campaigns noted above: Apache (Boston Common Asset Management), AT&T (As You Sow Foundation), Coca-Cola (Christian Brothers Investment Services and Walden Asset Management), Target (As You Sow Foundation).

Rights for Coffee Farmers: Despite its generally positive social and environmental record, Starbucks is embroiled in a high-profile dispute with the government of Ethiopia over valuable naming rights for the country's coffee. Although Ethiopian coffee sells for as much as \$26 a pound in the U.S., Ethiopian farmers continue to eke out a subsistence living.

In 2005, Ethiopia applied to the U.S. Patent and Trademark Office for legal ownership of the names of its three prime coffee-growing regions. A trademark for Yirgacheffe was granted, but trademarks for the names Sidamo and Harar were blocked after opposition from the National Coffee Association, whose Government Affairs Committee is chaired by a Starbucks executive. It remains unclear what role, if any, the company played in the rejection of these applications. For more than a year, however, the Ethiopian government has been unable to persuade Starbucks to sign an agreement acknowledging Ethiopia's ownership of these names. Ownership could help the country to correct the significant imbalance in bargaining power between farmers and large buyers like Starbucks. We believe the core issue in this dispute is not the price that Starbucks pays to coffee farmers, but who determines this price. Trademarks are a well-established market practice to help creators of value capture a fair portion of that value.

We first contacted Starbucks in August 2006 to learn more about its position, a month before Oxfam launched a campaign on the issue. In December 2006, we again spoke with Starbucks executives to express our concern for coffee farmers, as well as the long-term value of the company. We believe that Starbucks' position on this issue may be putting the company at a competitive disadvantage, as well as harming its reputation among consumers and other stakeholders. **Green Mountain Coffee Roasters** recently signed a letter of intent with the Ethiopian government, as an expected first step towards a licensing agreement. We applaud this recognition of the importance of ensuring that farmers are equal partners in business.

Starbucks announced in February that it would no longer oppose the trademarks, but it has yet to agree to the voluntary licensing agreement proposed by Ethiopia. Domini helped enable representatives of Oxfam and Ethiopian coffee farmers to ask questions at Starbucks' annual meeting. We continue to follow this issue closely.

Human Rights: The UN Secretary General has appointed Harvard professor John Ruggie to help clarify standards of corporate responsibility regarding human rights. During the quarter, our General Counsel traveled to Geneva, Switzerland, to speak at a special UN session convened by the UN High Commissioner on Human Rights focusing on human rights and the financial sector. He spoke about the human rights obligations of investors, and their role in advancing human rights through shareholder activism, conscientious proxy voting, and the use of standards to select holdings. He later returned to Geneva for a brainstorming session to help plan Professor Ruggie's further work if his position is extended.

Climate Change: Domini and other investors, representing \$4 trillion in assets, called on Congress to pass strong federal legislation to reduce greenhouse gas emissions. The call to action, organized by the environmental network CERES, was signed by 65 organizations including social investment firms, state treasurers and pension funds, foundations, labor unions, and corporations.

DOMINI VOTES FOR CHANGE

A new study by The Corporate Library, a respected information resource on corporate governance, shows a wide gap in the use of proxy votes between "mainstream" and socially responsible mutual funds. The 52 mainstream fund families examined in the study voted for only 13.4% of the social and environmental proxy resolutions presented to them, including resolutions on global warming, with the two largest families supporting less than 3% of the resolutions. Socially responsible fund families, as a group, voted for 71.8% of the resolutions on average, and Domini voted for 95.5% of them. Last year Domini was one of four mutual fund managers rated "most activist" by The Corporate Library.

2006 Highlights

ANNUAL ADVOCACY STATISTICS

Action	2005	2006
Resolutions Filed*	20	16
Additional Dialogues	22	35
Additional Companies Contacted	2	211
TOTAL**	44	262

* Count includes proposals filed during the calendar year for the following year's proxy season.

** Includes filing of a shareholder proposal, 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.

As a shareholder in the Domini Funds, you make a difference in the world. Below are highlights of how you made a difference in 2006. 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.

"Most Activist": Domini was one of four mutual fund families rated "most activist" by The Corporate Library, a respected information resource on corporate governance. This meant we were least likely to support management, and most likely to support shareholder resolutions on corporate governance and social and environmental issues in our proxy voting. (Interested in how your other mutual fund companies rated? See www.fundvotes.com.)

Human Rights: Coca-Cola has been accused of draining aquifers in a drought-stricken region of India, and of complicity in the deaths of trade unionists in Colombia. As part of our ongoing dialogue, we met with Coke's new CEO and asked the company to address human rights in a more comprehensive way.

Freedom of Expression and the Internet: Domini achieved a significant vote of 29% for a resolution calling on Cisco Systems to report on its involvement with repressive regimes seeking to "balkanize" the Internet through censorship. Domini also joined a multi-stakeholder group working to address violations of fundamental human rights, including freedom of expression and privacy. The group includes Microsoft, Google, Vodafone, and Yahoo! in addition to a range of human rights groups and academics.

Climate Change: Following a shareholder resolution filed (and later withdrawn) by Domini, Devon Energy committed to measure and publicly report its greenhouse gas emissions. As part of this agreement, Domini also hosted a meeting with Devon's president. Devon is the largest U.S.-based independent oil and gas producer. Working with the Carbon Disclosure Project, we wrote to more than 200 U.S. and European companies asking them to disclose their greenhouse gas emissions and climate change policies.

Forestry Practices: After discussions with Domini, Kimberly-Clark commissioned a study to evaluate the feasibility of phasing out its use of wood fiber from sources not certified by the Forest Stewardship Council (FSC). Also following discussions with us, Limited Brands, the parent company of Victoria's Secret, agreed with the nonprofit ForestEthics that it would use more wood certified by the FSC, increase the recycled content of its paper, and reduce the use of paper in catalogs.

ABOUT DOMINI SOCIAL INVESTMENTS Domini Social Investments manages more than \$1.6 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. 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' 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 1-800-582-6757 or online at www.domini.com. Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 04/07

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. Domini also speaks out on public policy issues where we believe we can bring a unique perspective as a socially responsible investment firm.

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.