Domini®
Investing for Good®

Impact Investment Standards

Thousands of starfish washed ashore.
A little girl began placing them back in the water
so they wouldn't die.
"Don't bother, dear," her mother said,
"it won't make a difference."

The girl stopped for a moment and
looked at the starfish in her hand.
"It will make a difference to this one."

Two goals. One set of standards.

At Domini, universal human dignity and ecological sustainability are our goals. Standards are the path we take to achieve them. Our environmental and social standards help us identify strong, long-term investments.

Introduction

Domini Impact Investments is a women-led SEC registered investment adviser that empowers both individual and institutional investors to make a difference, one investment at a time. By applying environmental and social standards across all of its investments, Domini harnesses the power of finance to help create a better world.

With an exclusive focus on impact investing that aims to create positive environmental and social outcomes of our planet and its people while seeking competitive financial returns, Domini works to channel every dollar to advance our goals of universal human dignity and ecological sustainability. The firm's focus on continuous innovation and community engagement creates strength in numbers, allowing Domini to fuel tomorrow's prosperity and make "investing for good" the way all investing is done.

Our Impact Investment Standards are shaped by our commitment to advance positive impact on twin ambitions:

Universal Human Dignity

We seek investments that promote universal values of fairness, equality, justice, and respect for human rights.

Ecological Sustainability

We seek investments that promote long-term environmental sustainability, including climate change mitigation and adaptation.

At Domini, we believe that investments made today will shape tomorrow. This is why we apply environmental and social standards to all our investments. In doing so, we believe that we capture sources of opportunity and recognize early risk often overlooked by conventional financial analysis.

Our evaluations also provide us with insight into the quality of corporate management teams and the tone of the corporation's culture, which in turn are the two key components of future success.

Our Investment Beliefs

1. Investments have systems-level impact on finance, society and the environment. Investors have an ethical obligation to acknowledge these consequences.

2. Investors that strengthen the resilience and integrity of these critical systems create lasting value. Investors that fail to do so cause harm.

3. Long-term investment performance depends upon the above principles.

Our Objectives

1. To serve our clients' financial well-being while preserving and enhancing the environment and society through responsible asset management.

2. To measure and report our financial, societal, and environmental impacts.

Our Strategies

Setting Standards

As investors, we participate in capital markets by using financial, environmental, and social standards in all of our investment decisions.

Engagement

As owners, we engage with issuers, civil society organizations, and policymakers to create financial, environmental, and societal value.

Community Investing

As neighbors, we seek to help build strong, sustainable communities by directing capital to where it is needed most.

Our Investment Approach

The process of putting principles into action begins with our Impact Investment Standards, a broad set of environmental and social standards and principles that lays out how we believe all investing should be done.

In applying our standards, we believe we can capture sources of opportunity and recognize risk often overlooked by conventional financial analysis. Specifically, our Impact Investment Standards seek to identify:

- Specific circumstances that affect portfolio performance. Our standards can help us avoid risks such as large environmental fines or discrimination lawsuits and identify opportunities such as innovative technologies and resilient business models.
- Systems-level factors that affect the large-scale environmental, societal, and financial frameworks upon which we all depend. Domini seeks to strengthen these systems through our investment strategy.

Evaluating Stocks

Companies have the ability and the responsibility to be positive forces while also mitigating negative impacts. When a company aligns financial value creation with the betterment of its stakeholders, it creates enhanced value for itself, its investors, and for society at large.

When examining a company, Domini employs a two-step process:

- First, we assess how closely aligned the company's business model is to our goals of universal human dignity and ecological sustainability.
- Then, we carefully consider how the company interacts with its stakeholders.

These two steps determine which companies are eligible for investment by the Domini Funds.

Evaluating Bonds

Many opportunities exist for positive ecological and societal impact through investing in bonds (also known as fixed-income investing). Before making fixed-income investments, we ask two key threshold questions: To whom are we loaning money and for what purpose?

For corporate bonds, Domini uses the same approach as in our evaluation of corporations' stocks.

For non-corporate issuers like sovereign entities or municipalities, we focus on three key goals:

- Increasing access for those historically underserved by the mainstream financial community.
- Creating public goods for vulnerable populations and those most in need.
- Filling capital gaps left by current financial practice.

These goals flow from our belief that sustainable and healthy societies and economies must be built on a strong foundation of fairness and opportunity for all.

Business Alignment

Our first step in evaluating a company is determining whether its core business model is aligned with our twin goals of universal human dignity and ecological sustainability.

Business models that focus on manufacturing vaccines or distributing renewable energy, for example, are fundamentally aligned with our twin goals. Some business models are more neutral. We consider other business models, however, to be fundamentally misaligned with our goals and therefore exclude them from investment for our portfolios.

Exclusionary Standards

We believe certain lines of business are fundamentally misaligned with our goals of universal human dignity and ecological sustainability. Our thresholds for exclusion are generally determined by such factors as percentage of revenues, magnitude of involvement (market leadership), or ownership. Companies that don't meet these thresholds may still be excluded, but are evaluated case-by-case, based on the absolute size of their involvement, the trend of their involvement, and the prominence of their role in their subindustry, along with the company's overall environmental and social record. *See the full list on page 9*.

The capital markets are highly effective mechanisms for raising funds for a wide variety of products and services, but we do not want to invest in products that have the potential to cause incalculable harm. We therefore exclude corporations substantially involved in weapons and civilian firearms production and nuclear weapons production, as well as the owners of nuclear power plants. The dangers of weapons of mass destruction and the international arms trade are among the greatest we face today, and we view the spread of nuclear power technology as tied to the proliferation of nuclear weapons, in addition to presenting significant risks to human health and the environment.

We exclude companies in the energy sector involved in oil and natural gas exploration and production, coal and uranium mining, oil and gas storage, transportation, refining, and related service providers. We also do not approve electric utility companies that have either announced plans for new construction of coal-fired power plants or started new construction after the Paris

Agreement was adopted in 2015. Further, we do not approve electric utilities that have over 50% of installed capacity from coal-fired generation. We have made this decision considering the financial, environmental, and human health concerns associated with fossil fuels and in recognition that an increasing portion of the responsible investment community has found divestment a productive avenue to further debate on this, one of the most important and difficult issues of our time.

We exclude for-profit prisons and immigration detention centers due to the significant civil and human rights concerns that occur as a result of their business models, particularly for marginalized communities. The for-profit prison model incentivizes imprisoning the greatest number of people for the longest duration at the lowest cost to increase growth and profits.

We also exclude companies that are significant manufacturers of alcoholic beverages or tobacco, or significant providers of gambling goods and services. For these companies, effective marketing often means exploiting customers' addictions to these products or ignorance of their risks. This is not a business model we believe our investors wish to support.

In addition to these industry exclusions, we have generally avoided major producers of synthetic pesticides and agricultural chemicals. This is due to environmental concerns related to this business.

We exclude the following across all our mutual funds:

Weapons and Firearms

Nuclear Power

Fossil Fuels

For-Profit Prisons and Immigration Detention Centers

Alcohol, Tobacco and Gambling

Learn more at **domini.com/exclusions**

Stakeholder Relations

The second step in evaluating a company is assessing its relationships with its customers, employees, suppliers, investors, communities, and the natural environment.

A company relies on these partners for success and the creation of "shared value." We also believe that a company can create substantial risks—financial, environmental, and social—when it fails to manage its partnerships with these stakeholders appropriately. Our assessment of these relationships is therefore core to our investment process.

We believe that companies will succeed and prosper in the long run when they:

Enrich the ecosystems on which they depend.

Contribute to the global community of humankind.

Contribute equitably to their local, national, and global communities.

Produce high-quality, safe, useful, and affordable products and services that meet the needs of their customers equitably.

Invest in the wellbeing and development of their employees.

Strengthen the capabilities of their suppliers, seek diverse suppliers and foster resilient and rights-respecting supply chains.

Communicate transparently with their investors.

We have selected these themes because we believe:

1. Sufficient information is typically available to make judgments about progress in these areas and that progress is reasonably achievable.
2. Stakeholder relationships, taken as a whole, may have a material effect on performance.
3. Our approach helps us identify patterns of behavior that externalize costs onto taxpayers and others, costs that destroy the long-term wealth-creating potential of both companies and the societies in which they operate.

Relationships with stakeholders are complicated and even the best companies face challenges. A mixed track record does not necessarily mean that progress has stalled, but it does require thoughtful assessment. We invest in companies when we feel that, on balance, progress is being made toward long-term benefits. We evaluate companies on a case-by-case basis, looking for signs of improvement and positive trends as they proactively identify and respond to these problems.

Our in-house research with key performance indicators aligned with these standards and evaluation provide us with insight into the quality of corporate management teams and the tone of a company's culture, which in turn are key components of future success. We focus more on outcomes related to these themes than on general corporate policies, although both policy and practice are important. Today's forward-looking policies lay the foundation for tomorrow's improved practices.

Domini and the SDGs

As impact investors, we understand that the investments we make today will shape the world we live in tomorrow. Domini has always recognized the role of investors in addressing the world's complex and interconnected environmental, social, and economic challenges. Many of our greatest challenges such as climate change, deforestation, and systemic racism must be considered and addressed through a systemic lens. We first published our standards in 2005 to communicate our understanding of how investors can both avoid causing harm and drive progress in myriad areas.

In 2015, United Nations member states universally adopted the 2030 Agenda for Sustainable Development, organized around 17 Sustainable Development Goals (SDG), which aspire to achieve peace and prosperity around the globe. The SDGs are inherently aligned with the fundamental goals we have pursued for over three decades: universal human dignity and ecological sustainability.

Through the application of our standards, we believe we have a comprehensive, holistic process that identifies where within our portfolio certain SDGs may be more relevant for the investment or engagement process.

Stakeholders

Ecosystems

- Environmental Sustainability and Climate Resilience
- Renewable and Alternative Energy Sources
- Innovative and Sustainable Materials
- Resource Efficiency and the Circular Economy
- Pollution Control and Abatement

Global Community

- International Norms and Standards
- Human Rights
- Systemic Racism
- Indigenous Peoples and Local Cultures
- Anti-Bribery, Anti-Money Laundering, and Anti-Corruption
- Geopolitical Stability and Nuclear Development

Local and National Community

- Community Partnerships and Trust
- Public Goods and Community Development
- Fair Tax Dealings
- Government Relations
- Philanthropy

Customers

- Safety, Quality, and Service
- Access to Products
- Innovation
- Marketing and Pricing Practices
- Harmful and Addictive Products

Employees

- Health and Safety
- Compensation and Benefits
- Diversity, Equity, and Inclusion in the Workplace
- Empowerment and Training
- Labor Relations

Suppliers

- Labor Practices and Human Rights
- Quality, Environment, and Other Issues
- Diversity Within the Supply Chain
- Empowerment and Viability
- Responsible Sourcing

Investors

- Accounting, Credibility, and Business Model
- Reporting and Transparency
- Diversity of Representation
- Relationships with Controlling Owners

Learn more at
domini.com/sdgs

Ecosystems

Ecosystems create enormous value—including clean air and water, minerals, timber, food, biodiversity, habitats, and fertile land. These natural resources are often available to companies at little or no cost.

We believe companies that acknowledge the long-term environmental challenges of their industry, maximize energy efficiency, use alternatives to fossil fuels, use recycled materials, reduce use of toxic chemicals in manufacturing, and produce less solid and hazardous wastes will have a positive impact on the environment while also increasing efficiency and innovation and reducing potential harm.

Corporations, financial markets, and regulators are not adequately valuing the tangible and intangible benefits of forests, biodiversity and ecosystems. Companies that fail to treat these environmental assets with due care, and that jeopardize the long-term viability of our ecosystems, can cause irreparable harm.

Renewable and Alternative Energy Sources

One of the greatest challenges of our time is how to efficiently produce the energy needed for economic development without harming the environment. Burning fossil fuels is unsustainable because it produces the greenhouse gases (GHG) that are responsible for trapping heat in the atmosphere, causing climate change. The future of human civilization depends upon developing and bringing to scale truly renewable, sustainable alternatives to limit global temperature increases to below 1.5° C.

Companies are major contributors to GHG emissions and have the potential to play an equally large role in the solution. They have the resources to develop and market renewable energy technologies and to utilize these technologies to power their own operations. Domini does not invest in companies that are significant owners or operators of nuclear power plants or uranium mines. Although some have extolled nuclear power as a safe and clean alternative to fossil fuels, major concerns remain in the areas of safety, transparency, environmental justice, storage as well as the exorbitant lifecycle cost. Nuclear power advocates often compare investments in nuclear with renewables and point to the relative cost efficiency of nuclear power. However, these estimates rarely reflect the costs of the entire nuclear life cycle, including storage, maintenance, and the risk of catastrophic failures. Claims of nuclear power's carbon neutrality also fail to consider the greenhouse gas footprint of the full nuclear power life cycle, from uranium mining to waste storage and differed investment in renewables.

Increasing atmospheric concentrations of carbon dioxide attributable to the burning of fossil fuels pose financial, environmental, and social issues that must be addressed. Consequently, Domini does not invest in companies in the energy sector (as determined by the Global Industry Classification

Standard "GICS") which includes oil and natural gas exploration and production, coal and uranium mining, oil and gas storage, transportation, refining, and related service providers. We also do not approve electric utility companies that have either announced plans for new construction of coal-fired power plants or started new construction after the Paris Agreement was adopted in 2015. Further, we do not approve electric utilities that have over 50% of installed capacity from coal-fired generation.

Companies can also play an important role in helping consumers increase their energy efficiency. We therefore look for companies aggressively working to improve the energy efficiency of the products and services they provide. Substantial business opportunities are often part of the solution to climate change and companies can therefore benefit financially from the transition to low-carbon economy. Companies that are inadequately prepared for the onset of a carbon-constrained world may face substantial financial risks.

We strongly support development and expansion of renewable energy such as wind and solar, while also encouraging innovation in other renewable energy and emerging technologies. We support a just transition for workers to the low-carbon economy, including good jobs with strong labor protections and fair wages.

We have serious concerns about certain forms of alternative energy such as first-generation biofuels and large-scale hydro power. The large-scale dams necessary for hydroelectric power production can disrupt the natural flow of rivers disrupting the natural ecology of these rivers. The construction of these dams can also involve controversial evacuation of local and Indigenous populations and the destruction of historically and culturally valuable sites. Biomass fuels often come from agro-industrial waste such as wood chips. The reuse of this waste as fuel is an efficient use of natural resources and saves on landfill and disposal costs, but these fuels are still fossil fuels that contribute to air pollution and climate change.

We look to invest in labeled and unlabeled green bonds that address climate change or serve other environmentally beneficial purposes. This includes bonds directed towards renewable energy, green buildings, infrastructure related to electric vehicles, energy efficiency and water efficiency, clean water, and climate mitigation and adaptation, to name a few.

We recognize that government must play the central role in making a just and accelerated transition to sustainable energy sources and that companies and the marketplace cannot solve this problem alone. We consider how companies wield their political influence to support or undermine this transition, both through their direct lobbying and political contributions, as well as through their membership in trade associations.

> We seek companies that are substantial users, producers, or developers of resources, products, and technology that reduce the risks of climate change and increase the use of sustainable alternatives to carbon-based fuels—and we avoid many of those whose products are contributing most heavily to climate change.

Resource Efficiency and the Circular Economy

Dwindling global resources and overwhelming pollution make recycling and reprocessing in product design increasingly urgent.

Circular product design aims to close the loop of inputs and outputs of a product. It is a process wherein all components are reused, refurbished or recycled. The environmental footprint of products can be lightened by starting with responsibly sourced materials, minimizing the environmental effects of product packaging and use, and encouraging product take-back and recycling. Those companies willing to invest in the research and development necessary to eliminate toxics are providing a long-term benefit to workers and the environment and often produce valuable innovations. Companies have been notably successful in finding nontoxic alternatives to volatile organic compounds used as solvents. We believe that the long-term benefits of such decisions often outweigh short-term costs.

> We seek out companies that make substantial use of recycled materials in their manufacturing processes, that solve the challenges of circular, closed loop design, that have found nontoxic substitutes for toxic chemicals used in manufacturing processes, and that are investing in making their products and services compatible with the ecosystems they affect.

Pollution Control and Abatement

A company's minimum obligation to its communities and the environment is to ensure that no substantial harm is done by its operations, including in its supply chain, with attention to avoiding disparate impacts on low-income communities or communities of color. For industrial firms, for example, this means cleaning wastewater before it is discharged and capturing volatile organic compounds before they escape into the atmosphere. For electric utilities, this means installing scrubbers to prevent particulates and sulfur dioxides from being released. For chemical companies, this means preventing spills and leaks, and disposing of hazardous wastes appropriately. These basic steps help prevent immediate harm to health and well-being and long-term problems.

We recognize that pollution prevention often requires expensive capital expenditures that force management to make short-term financial sacrifices. We believe, however, that these investments can often pay long-term returns to all stakeholders and companies that compensate for their short-run costs.

> We favor companies that have a record of handling today's pollution challenges effectively and without regulatory controversy, while developing more sustainable practices for tomorrow.

Environmental Sustainability and Climate Resilience

As global policy makers and scientists align around the urgency to address the widespread, rapid, and intensifying impacts of climate change, even greater attention is needed from companies to align their business models and relationships with stakeholders to address their climate risks and impacts. This attention should be integrated across governance and management practices, through all the ways a company interfaces with society, including with policy makers.

As our climate changes, forward-looking companies must examine how to make their business model and operations resilient in the face of new, uncertain realities. We believe companies should use scenario analysis, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), to consider the physical and transition risks and opportunities of climate change and adapt accordingly.

We look for companies that conduct thorough risk due diligence by assessing both the physical risk and transition risk of climate change, and take proper measures to mitigate and address such risks while disclosing such information to stakeholders in a timely and comprehensive manner.

> We look for companies that have foresight, think systematically about their environmental footprint, and pioneer long-term sustainability models for their industries.

Companies are developing science-based targets (SBT) for emissions reductions for their operations , business partners and use of their product. They also commit to the use of renewable energy, electric vehicles, and improving their own energy efficiency to achieve meaningful net-zero emissions targets in alignment with the Paris Agreement and a 1.5° C scenario. Such initiatives have the paradigm-shifting implications necessary to achieve true long-term environmental stability.

Forests are an important aspect of the discussion on climate resilience. We depend on forests for countless environmental, social, and economic services including clean air, food, and biodiversity. Around the world, Indigenous peoples and local communities directly depend on forests for their livelihoods. Companies rely on forests for key services and inputs like water management and irrigation, genetic resources, pollination, pest control, and ecosystem health. Forests are key to the resilience of cultures, countries, and companies, as well as the planet.

We therefore seek companies that adopt and improve policies, practices, and public reporting on forest impacts, and favor companies that incorporate sustainable forest practices within their global supply chains and financial practices. We encourage corporations to prioritize forests as an essential component of a sustainable economy.

Companies play a key role in promoting public health by providing affordable and safe drinking water and quality wastewater services. We also seek investments that support sustainable, climate-resilient water infrastructure and look to community relations as a key indicator for assessing investments in water utilities and public water authorities. We look for both public and private water utilities to provide high-quality services at fair rates and believe that efforts to maximize profits should not come at the expense of public access to clean, safe water. When it comes to the protection of both forests and water, we expect companies to responsibly manage relations with local and Indigenous communities and deter potential human rights abuses, ensuring free, prior, and informed consent (FPIC) from these communities.

Global Community

In a globally interconnected economy, corporations reap the benefits of international peace and security, free trade, and international norms and standards that allow them to move operations, resources, and assets quickly from region to region.

International bodies, like the United Nations, the World Health Organization, and many others, help maintain a peaceful and orderly world within which companies can pursue their business opportunities. Since these international bodies often have limited powers to regulate companies, cooperation is of great importance. By acknowledging and enhancing the role of these organizations, companies not only help assure a just and equitable world, but also increase their own ability to conduct business profitably.

International Norms and Standards

Companies that respect and adhere to international norms and standards like the Universal Declaration of Human Rights, International Labor Organization's Core Convention, the UN Guiding Principles on Business and Human Rights, and the Paris Climate Agreement help create a world of improved health, cleaner environments, safe and more satisfying workplaces, and increased public and private goods. These investments accrue to the long-term benefit of all, including companies.

> We view positively companies that recognize, support, and take concrete steps to adhere to these international standards.

Human Rights

While companies in a global economy face the challenge of varying country-specific legal systems, they must ensure that human rights norms are upheld even when they set a standard higher than does local law. Where questions of human rights abuses by national governments arise, these challenges are particularly complex and may involve corporations in high-profile controversies—especially when the government is also a client.

Corporations are often forced to make decisions on freedom of speech, the rights of minority groups, or abusive labor practices at the intersection of business, public policy, and human rights. The United Nations Guiding Principles on Business and Human Rights adopted in 2011 outline the respective duty of governments to protect, and responsibilities of corporations to respect, human rights; they help companies to navigate their responsibilities on these issues. Corporations are expected to be transparent about their efforts and provide the remedy for their adverse impacts on human rights.

Not only can corporate actions make a substantial difference to the individuals their policies affect, they also set examples for others to follow. Companies that neglect or remain indifferent to human rights open themselves up to public controversy and fail to help the societies in which they operate achieve the stable, equitable, and just social systems that are the foundation for prosperity. *See Suppliers for a discussion of human rights issues in corporate supply chains on page 53.*

> Companies should acknowledge and make concerted efforts to confront adverse impacts on human rights in their operations.

Systemic Racism

The legacy of centuries of slavery and discrimination casts a long shadow over U.S. history and that of other countries around the around the world. Today systemic racism permeates our society and economy in ways that may be hard to see—like inherent bias in hiring decisions or the role of the criminal justice system—but in aggregate have devastating effects on communities of color, ethnic minorities, and our economy as a whole. As part of our standard setting for human rights, we have a commitment to non-discrimination and seek to address manifestations of systemic racism in harmful business models, and consider the impacts of business on stakeholders, including communities of color. For example, we do not invest in for-profit prisons or immigration detention operations due to the serious civil and human rights abuses that occur, particularly for marginalized communities.

Issues of racism and discrimination cut across virtually all the topics raised in our standards, from environmental justice to board diversity. Addressing systemic racism requires deliberate and proactive efforts from all stakeholders, including companies, investors, and policy makers. Systemic racism is not only a critical challenge in the United States, but a global challenge in regions where groups have been oppressed or subjected to violence, occupation, and exploitation due to their race, ethnicity, religion, or other characteristic. With respect to where, with whom, and how a company does business, the products and services it provides or the manner in which it provides them may have impacts on systemic racism. Systemic racism may also impact a company's various stakeholders, including harassment and discrimination among employees, disparate impacts on communities, or through its global business operations, including its supply chains.

> We seek companies that actively address issues of equity and fairness within their own workforce, supply chains, and product portfolios and that serve underserved communities, fulfill their commitments as corporate citizens (e.g. paying their fair share of taxes), and proactively assess their own impacts on racial justice.

Indigenous Peoples and Local Cultures

We recognize the fundamental human rights of Indigenous communities, respect their rights to land and their way of life, and encourage companies to adopt policies and practices to prevent and mitigate negative impacts on these communities. Moreover, few controversies are as damaging to companies as those involving the rights of Indigenous peoples. These controversies can complicate relationships with local governments and populations and jeopardize a corporation's ability to operate locally or regionally, and can also result in costly delays and interrupted business plans. Confrontations between large faceless corporations and communities may be avoided if companies consider Indigenous communities as partners and respect their rights. Thus, we expect companies to ensure that communities have free, prior and informed consent (FPIC), and to recognize their right to self-determination, as delineated in the International Covenant on Economic, Social and Cultural Rights and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Convention on Biological Diversity, and the International Labor Organization Convention 169. Responsible corporations must respect communities preserving unique cultural riches in our world that are all too easily destroyed in a rush to short-term profit.

> We look for companies to ensure Indigenous communities have free, prior and informed consent, and to recognize their right to self-determination. We closely evaluate any controversies involving Indigenous peoples because we respect their rights to preserve their cultures and because the effect of confrontations between companies and Indigenous peoples can be harmful to corporate reputations.

Anti-Bribery, Anti-Money Laundering, and Anti-Corruption

Corruption in international trade has been called the Achilles' heel of capitalism. It costs hundreds of billions of dollars each year to governments in lost tax revenues, to honest business people in foregone opportunities, to whole economies in inefficient market operations, and to societies themselves in the loss of democratic freedoms and practices. Without honest and transparent markets and adequate regulation and oversight, societies cannot reap the benefits that the business world creates—or spread them equitably among their citizens. In addition, weak business practices can foster poverty, conflict and instability, and environmental destruction.

> We look for companies that have implemented strong ethics, anti-bribery, and anti-money laundering programs.

We pay particular attention to companies in industries with a recurring history of misconduct, such as the construction, banking, and extractive industries, particularly for companies with a significant presence in countries with weak rule of law and oversight of corruption or high levels of corruption. We also avoid debt raised by governments with a history of corruption, as funds can be misallocated and misused at the expense of the well-being of the nation and their own citizens.

Geopolitical Stability and Nuclear Development

One of the greatest threats to humanity and the global environment today is that of nuclear weapons or accidents, terrorism, and war.

In addition, cyberwarfare has become a new threat as a weapon of potential mass destruction. Nuclear weapons are inhumane and indiscriminate, and their use could result in catastrophic humanitarian and environmental harm.

Nine countries are known to have successfully tested nuclear weapons, and others are believed to possess nuclear arsenals. Risks of global nuclear war, due to shifting geopolitical priorities and relationships, continue to be a concern.

Military spending raises additional threats to international peace. The thriving international trade in conventional arms helps fuel internal and regional conflicts around the world. Spending on military systems and conflicts diverts funds from crucial investments in the range of public goods that are essential for the creation of prosperous, stable nations.

The Treaty on the Prohibition of Nuclear Weapons entered into force in January 2021 and makes nuclear weapons illegal under international law. It has been ratified by at least 55 countries. The achievement of nuclear disarmament and international peace is among the most difficult tasks that governments face today.

We do not invest in companies that derive significant revenues from manufacturing military weapons or are significant owners or operators of nuclear power plants, which may divert funding to other sources of renewable energy and can be at risk for the proliferation of nuclear weapons.

The involvement of publicly traded corporations in the production of nuclear and conventional weapons is complicating these tasks and consequently we do not invest in companies deriving significant revenues from the manufacture of military weapons.

We also do not invest in the sovereign debt of countries that have leading nuclear weapons arsenals and those that have engaged in the most egregious cyberattacks.

Local and National Community

When companies treat local and national communities fairly, they enrich the public upon which they depend and invest in their own long-term success.

Ongoing partnerships with community-based organizations, ethical relations with government, creative and generous philanthropy, and paying a fair share of taxes are among the ways companies can reinvest in their communities, strengthening the base from which they operate.

Conversely, companies that harm or exploit their communities may undermine their own long-term interests in the sustainability of the communities and systems they depend on for their operations.

Community Partnerships

Communities and companies may disagree on a variety of fundamental issues, including location of a new plant or store, the effects of their pollution on fenceline neighborhoods, layoffs or plant closings, or use of local resources. Companies should actively seek input and undertake consultation to foster collaborative partnerships with groups that represent the concerns of others.

True partnerships require considerable investments of time and a willingness to communicate openly and transparently. The reward from this hard work is mutual understanding and trust that can keep problems from escalating into major controversies and develop solutions that work for all.

> We look for companies that are willing to listen to their communities' opinions and act collaboratively to reach understandings.

These partnerships can address complicated environmental and natural resource challenges, issues of health and safety, matters of adequate housing or improved education, fair wages, job training for the economically disadvantaged, or the legacy of racial or gender discrimination.

Public Goods and Community Development

The spread of privatization and deregulation since the 1980s has prompted a global debate about the role of corporations in society. We believe that companies have a responsibility to respect the boundary between government and the private sector and to support government's responsibility to provide public goods such as healthcare, housing, education, water and sanitation, transportation, public safety, and national security. The market is not the solution to all problems and companies should not inappropriately interfere with the political processes by which local and national communities allocate responsibilities to the public and private sectors.

> We look for companies to appropriately balance their efforts to innovate with respect for the unique position of government to provide public goods. We also look for fixed-income opportunities to support the provision of public goods.

The need for additional public goods arises when communities or regions have historically been deprived of the resources to develop the basic infrastructure that assures, among other things, healthcare, education, sanitation, transportation, technology, and personal security. A downward cycle of unmet needs and deteriorating infrastructure can be reversed through lending and investments that can support the creation of these public goods and help ensure an equal footing on which to participate in homeownership, job training, small business development, economic revitalization projects, and climate resiliency.

Municipal bonds, in particular, are closely aligned with the creation of public goods. We support investments that promote affordable housing, infrastructure, access to affordable, quality and nonprofit education and healthcare facilities, the transition to a low-carbon future, including energy efficiency, renewable energy and green infrastructure projects, and other critical resources for communities. We especially favor investments that address the needs of underserved and disadvantaged communities.

We generally consider municipal bonds—debt issued by states, cities, counties or other quasi-public organizations—to be closely aligned with the creation of public goods, particularly in jurisdictions with below-average resources.

Municipal bonds can also help to ensure broad access to environmentally beneficial technologies for all members of society. We therefore look to invest in municipal bonds that generate environmentally positive impacts for underserved communities. Municipal issuers have a key role to play in deploying low-carbon technologies, pollution control, and climate adaptation, such as disaster prevention and recovery.

Sovereign debt, issued by a country's national government, is fundamentally aligned with our investment objectives since these securities are typically used to create public goods such as transportation infrastructure, water and sewage systems, and public education and health services.

We avoid sovereign debt issued by non-democratic countries; countries with a record of systematic corruption; countries that fail to adequately protect press freedoms; and countries with significant human rights concerns, including human trafficking and forced labor. Also, we look to invest in countries that show overall performance improvement over years in governance and human rights areas. We also do not invest in the sovereign debt of countries that have the largest nuclear weapons arsenals.

Domini considers supranational financial institutions and development banks generally eligible for investment since these entities' organizational missions are aligned with our investment goals such as poverty alleviation and promotion of economic growth by promoting foreign investments. However, we also acknowledge the fact that historically a substantial number of projects financed by these institutions have faced significant environmental and social challenges such as large-scale hydropower dams, water privatization, and oil pipelines.

Fair Tax Dealings

Paying a fair share of taxes is a basic responsibility of companies to society. Without the public services that a well-financed government can provide, companies cannot operate successfully or generate the profits upon which their employees and investors depend.

Today's global economies combined with the complexity and sophistication of today's accounting principles often provide companies with a wide range of choices of how much in taxes to pay and where to pay them. Multinational corporations also have substantial opportunities to take advantage of differences in national tax rules, shifting profits from high tax jurisdictions to tax havens. The temptation to cut taxes to enhance profits is great and companies are often successful in this tactic. Without adequate tax revenues, society will suffer to the detriment of all participants, including corporations.

We look for broad indications of a corporation's willingness to pay its fair share of taxes.

We take tax-related disputes seriously where companies deemed to have used tax avoidance schemes or situations in which corporations appear to have inappropriately used their influence to obtain tax abatements.

Government Relations

The relationship between corporations and government is complex because government is sometimes a customer, sometimes a regulator, sometimes an owner, and sometimes a financial partner. It is common for companies to simultaneously want as little government oversight and as much business from governments as possible. To complicate matters further, governments in Europe and Asia are often shareholders or even controlling owners in the companies they contract with, regulate, and support.

For these reasons, we believe transparency and openness are crucial in dealings between companies and governments. Public corporations should not engage in electoral politics and we encourage companies to adopt policies to refrain from political giving.

Collusion and corruption are particularly serious when they involve government officials and corporate representatives. Corruption within the corporate world through self-dealing, price fixing, or anticompetitive practices is serious in and of itself. But when public officials are compromised by corporate misdeeds or actively collude with business to steal from the public, the resulting deterioration of public trust in our local and national governments undermines institutions and their sovereignty.

> We look for disclosure and effective internal controls on lobbying, contributions to candidates or political groups, payments to government officials, hiring, and other interactions with government and public policy institutions.

Generous and Innovative Philanthropy

Traditionally, corporations have used philanthropy to give back to the local communities in which they operate. Too many of these programs, however, are little more than public relations campaigns and should not be considered an offset to a company's negative impacts. With corporate giving programs generally representing only a small fraction of pretax profits and many corporate initiatives focusing only on high-profile giving, many companies fail to give to those causes that solve communities' greatest challenges. Philanthropy is most meaningful when aligned with business risks and impacts and seeks to solve systemic challenges.

Endowing a corporate foundation, which companies can do with their own stock, or giving generously from pretax earnings, demonstrates a willingness to allocate serious resources to enriching the communities in which companies operate.

Customers

Corporations that invest in long-term relations with customers through exceptional attention to innovation, product quality, customer service, and affordability can expect to be rewarded by increased market share and longer-lasting customer loyalty.

Customers tend to evaluate companies on their ability to provide quality goods at a fair price. With greater information availability, customers are increasingly interested in aligning their purchasing decisions with their values. They can reward or punish companies by remaining customers or taking their business elsewhere. However, customers also have more at risk than the cost of their purchase when they buy a company's products. They risk their physical well-being when products are unsafe or unhealthy, their financial well-being when products are fraudulent or predatory, and their privacy when boundaries are not protected, among other things.

Safety, Quality, and Customer Service

The benefits to companies from providing their customers with quality goods and services are substantial while costs from product safety lapses are high. Companies that are willing to invest in improvements in their manufacturing processes and in the customer-service training of their employees can see long-term rewards in the marketplace. High-profile scandals from product safety issues can cost companies not only in short-term legal bills and loss of customer confidence, but in long-term damage to their public reputation. A company that handles a highly publicized product-safety problem immediately with voluntary recalls, enhanced oversight, and transparency throughout the process can restore customer confidence. One that handles a problem poorly through delayed responses and even cover-ups can be embroiled in equally long controversy.

> We seek companies that understand the long-term benefits of investing in product safety, quality manufacturing processes and training, and company-wide commitments to customer service.

Access to Products and Services

Ensuring equitable access, affordability, and quality of services to all communities, regardless of race or economic ability, is fundamental for a company to maximize its reach and the potential customer base. Yet investing in creative ways to understand and meet the needs of underserved markets can not only provide an expanding customer base in the short-term but speeding economic development and poverty alleviation in the long-term, which in turn can benefit companies.

> We seek companies that have found ways to provide access to products and services for underserved markets such as the ability to bridge the digital divide by making mobile communication technology available around the globe, provide medications at affordable prices, and provide access to capital in historically underserved regions.

The need for access to capital arises when individuals, neighborhoods, or regions are poorly served by traditional financial institutions and has contributed to a significant racial wealth gap in countries like the United States. Neglect can occur because traditional lenders or investors view potential clients as too risky, fail to understand their needs, have no experience in serving them, or allow discrimination, language barriers, or prejudice to interfere with deal-making. Opportunities to ensure equitable access to products and services will not only help reverse this neglect but will also help to grow long-term, intergenerational assets, including making housing available to those with low and moderate incomes, providing financing to entrepreneurs, offering credit equitably and at affordable rates, and providing transparent and accessible information about products and services.

Innovation

One of the benefits of capitalism is its ability to drive companies to innovate. Innovation, often aided by government support, leads to improvements in existing products, development of new products or technologies, and the application of old technologies to new purposes. True innovation and creativity can bring about transformative advances such as the Internet or mobile communications.

Innovation in renewable energy technologies, such as solar PV systems, are essential for the low-carbon transition, while improving efficiency in manufacturing and achieving cost reductions. These innovative clean energy technologies must also consider the environmental safety of materials used, the human rights and environmental impact of sourcing raw materials in the supply chain, and life cycle analysis, including end-of-life recycling and disposal.

A lack of due diligence in product testing and evaluation can lead to high risks outcomes. For example, clinical trials in the pharmaceutical industry test the safety and efficacy of new drugs and treatments to improve public health, however the complex nature of these trials opens them up to the possibility of abuse. A commitment to ethical practices, transparency, and robust standards and data-quality are necessary to ensure these processes are well-run and developed and that a product will be successful in the marketplace and deliver the needed public health outcomes.

In addition, companies are encouraged to responsibly approach the use of animal testing for product safety. While this may be required by law in some jurisdictions, where it is not, we look for companies to reduce the use of animals in product safety testing and invest in and advocate for the use of new testing technologies as an alternative to animals.

Emerging technologies including interactive or social media, artificial intelligence, and cutting edge surveillance products have profound implications on privacy, social interactions, and how we live. Social media platforms, for example, play a large role in disseminating information directly tied to public health, safety, and democracy. Technologies may be used by governments or law enforcement for surveillance activities or in ways that disproportionately impact certain communities or racial and/or ethnic groups, which may be due in part to implicit or explicit bias in algorithms. They may also be used for targeted marketing or outreach. While there is tremendous opportunity in emerging technologies, adequate policies and oversight must be paid to identify, evaluate, and address the related risks. Diverse teams and adequate consultation with civil society and potentially impacted communities can help a company to understand the potential impacts and take steps to mitigate them.

> We look for companies that are committed to research and development, are effective in bringing innovative products to market, take due consideration in the management of their product safety testing, and appropriately recognize and manage the potential for failure or for harm of new products and technologies.

Marketing and Pricing Practices

Judicious decisions about marketing and pricing are a daily part of business management. They are the fundamental market mechanisms through which managers can learn what customers want and need, how their firms can best operate efficiently, and how best to allocate their capital. However, the pressures of the marketplace often lead companies with weak management to abuse and distort these market mechanisms.

Price-fixing controversies are a frequent occurrence and we evaluate them on a case-by-case basis. In doing so we consider the often-effective role governmental regulators already play, the extent of the harm done to customers and other stakeholders, the type of customer harmed, and recurrence of these behaviors. We usually do not take into consideration patent disputes and charges of unfair marketing practices so often made between business competitors. We view with concern such disputes when they occur between corporations and communities, such as those involving the rights to Indigenous peoples' knowledge, known as biopiracy.

Harmful and Addictive Products

Certain products—such as tobacco, gambling, and alcohol—are both harmful and addictive. Putting these products in the hands of large publicly traded corporations increases the potential for their abuse and their costs to society. Large public corporations are relentlessly driven to innovate and expand their reach, marketing their products aggressively to as many customers as possible. For these companies, effective marketing can mean exploiting customers' addictions to these products or ignorance of their risks.

We do not invest in companies that are significant manufacturers of alcoholic beverages or tobacco products, or significant providers of gambling goods and services. We also do not invest in municipal bonds whose proceeds fund casino development.

Employees

By treating employees fairly, investing in their personal health, safety, skills, and sense of self-worth, as well as by assuring a living wage and comfortable retirement, companies can go beyond their minimal contractual relations with employees to create a positive and productive work environment.

Employees are perhaps the greatest value for many companies. They entrust aspects of their lives to the corporations for which they work. Employees may risk their health and safety and invest their time and intellectual capital in developing company-specific skills.

We believe that corporations that treat their employees well are likely to benefit from higher levels of employee loyalty and productivity, and lower levels of turnover—all of which drive the performance of the company.

> We look for companies that disclose policies, procedures and data about their workforce including number of employees, total cost, workforce stability, health and safety and diversity.

Labor Relations

Union organizations have advocated for the forty-hour work week, employer-supported retirement plans, health and safety standards for the workplace, and much more. In doing so, they have been among the most effective counterbalances to the forces of economic inequality.

The right to freely associate and form or join a union of one's choosing and to collectively bargain the terms of one's employment are among the core conventions of the International Labor Organization. They are recognized as enabling rights, meaning that they enable the fulfillment of other human rights. Healthy and vital unions play a crucial role in addressing the imbalances in power that often arise between corporate management and workers in their struggle for fair and safe working conditions and protect workers from retaliation. Without unions, the possibilities for long- term equal partnerships between management and labor are vastly diminished.

Moreover, overly aggressive efforts by a company's management to stop unionization efforts can lead to protracted battles that cause more harm than good to both parties.

We seek to identify companies where management and unions work respectfully with each other in balancing the appropriate needs of both constituencies.

We view with great concern situations where relationships have deteriorated into fundamental mistrust and disrespect, especially where lockouts, union busting tactics, or anti-union public relations campaigns are deployed by management.

Health and Safety

The health and safety of employees are among the primary obligations of employers. Commitments to perfection in workplace safety, proactive programs to improve physical health and wellbeing, and assistance to employees in addressing personal or family obligations are investments that corporations can make in their workforce that will increase worker productivity and loyalty. Cost cutting in these areas is shortsighted and imposes costs on society that companies have an obligation to bear.

We view with concern those that have a pattern of neglect, which can reflect a company's organizational culture of failed management oversight, and could lead to fatalities, regulatory sanctions, or industrial disasters.

Compensation and Benefits

Appropriate levels of compensation and benefits are a foundation upon which the relationship between corporate management and the average employee is built. Abuses of this relationship damage not only executives' credibility with workers, but undermine shareholders' trust in management and, more broadly, the public's trust in business itself. Excessive pay gaps can perpetuate income inequality, which in turn can create poverty, societal instability, and systemic risks. By contrast, companies that take steps and align executive compensation to assure gender and racial equity in pay, appropriate commitments to the financial well-being of their retirees, and a management bonus system that rewards implementation of environmental and social policies as well as long-term financial goals, can build their credibility with their stakeholders and align their companies' reward systems with larger societal goals.

We consider how a company handles issues of compensation as a strong indicator—and indeed determinant—of corporate culture and the quality of management.

Diversity, Equity, and Inclusion in the Workplace

Diversity, equity, and inclusion in the workforce, whether in the form of gender, ethnicity or race, age, sexual orientation or gender identity, ability, socioeconomic background, and nationality or religion, can be a hallmark of a well-managed corporation. A diverse workforce can help companies better understand the needs and desires of the full range of their current and prospective customers; anticipate new societal trends and emerging issues; foster understanding, mutual respect, and cooperation among their workforce; create an environment where all employees have a sense of belonging and can thrive; and improve a company's ability to recruit from the widest possible pool of talent. Diversity, particularly in leadership positions , can indicate a corporate culture based on merit and open to new ideas and perspectives.

> We look for companies that have substantial representation of women and historically underrepresented racial and ethnic groups among management-level positions, particularly in senior executives and boards of directors; companies that have created a notably open work environment for minority groups—for example, for LGBTQI2-S+ employees; and companies with strong programs for training on sexual harassment and respect for diversity, inclusion, and belonging.

Conversely, we view with concern companies that have a record of diversity-related controversies and regulatory sanctions, including those related to sexual and racial harassment and discrimination.

Empowerment and Training

In addition to the compensation and benefits employees are provided, companies can and should commit to investing in their workforce through employee involvement programs, skills training, support for general education, sharing in the financial success of the firm, or other programs that enrich employees' lives and empower them in the workforce. Through such investments companies align employees' sense of personal growth and satisfaction with the growth and success of the firm in a relationship beneficial to both parties.

We look for companies that share their financial success through profit sharing, stock option plans, employee stock ownership, or other forms of employee involvement and empowerment. In addition, we look for firms that invest substantially in employee training and skills development, provide benefits, and generally foster a culture of self-realization and growth.

Suppliers

Companies depend on reliable, high-quality goods and services from suppliers, and suppliers depend on corporate customers to pay a fair price in return.

Increasing specialization has driven many firms to outsource large portions of their business and the reputations of companies increasingly depend on those of their suppliers. It is no longer acceptable for companies to say they didn’t know or they have no influence when their suppliers become embroiled in controversy. Many corporations around the world now require their suppliers to meet standards in the areas of quality, environment, and labor rights as a precondition to conducting business with them. We believe that companies that have developed relationships with their suppliers that enhance their mutual well-being and create complimentary social and environmental programs will help both parties prosper and thrive in the long run.

Labor Practices and Other Human Rights

Global sourcing relationships for the essential raw materials needed by companies may present serious human rights risks, where weak labor protections or exploitative conditions may be present. While companies may look to minimize labor costs, they cannot do this at the expense of fundamental rights and the human dignity of their global workforce. While consumers may be pleased with lower prices of products, they should not be achieved through forced or child labor or under abusive conditions. Corporations can play a valuable role in improving their suppliers' working conditions and, by doing so, not only raise living and working standards around the world and improve local economies, but also strengthen their long-term ties to reliable suppliers.

A commitment to joining or supporting a worker-driven social responsibility model, where workers play a central role in designing codes, evaluating their implementation, and can access remedy, is also encouraged for ensuring respect for human rights in the supply chain.

Corporate supply chains often consist of multiple tiers of suppliers between the raw material level and final product. Companies are increasingly recognizing that they have an obligation to address potential issues of forced and child labor or environmental degradation even if those controversies are found deep within their supply chains.

We expect companies to conduct thorough human rights due diligence in alignment with the UN Guiding Principles on Business and Human Rights. Companies should take necessary measures to remedy adverse impacts on human rights within its supply chain when it identifies them and report results to stakeholders. Often, the actual practices of companies can be difficult to assess. We often rely on communications and engagement with corporations on this issue, seeking to increase mutual understanding of potential problems and the effectiveness of systems to mitigate risks.

We look for companies that have adopted comprehensive labor standards for their suppliers that incorporate international human rights and labor standards, recognize the potential pitfalls of outsourcing policies, ensure the ethical recruitment of migrant workers, have been effective in preventing labor abuse, monitor actual practices at their suppliers, and confront these issues honestly and openly with the public.

Quality, Environment, and Other Issues

Raising levels of awareness and performance on issues of corporate social responsibility can do much to extend the reach of sound practices. Large companies have a particularly effective means of raising these standards through their subcontracting arrangements with their suppliers. Making contracts contingent on meeting quality standards was one of the first and most widely used such tactics. An increasing number of companies require disclosure of subcontractors' environmental records as part of their requests for proposal, insert human rights clauses into their contracts, and even require vendors to make similar requirements of their own suppliers.

Companies that work to ensure that products such as timber, palm oil, minerals, and seafood in their supply chains are sustainably and responsibly sourced tackle the challenges of end-to-end traceability by using certifications, join multi-stakeholder initiatives and industry associations that focus on sustainable procurement policies, and help to advance the dialogue on sustainable sourcing practices and the promotion of healthy ecosystems. Such mutually beneficial arrangements can improve quality and reduce costs while assuring investors and consumers of the integrity of their investments and purchases.

Additionally, stakeholders increasingly expect companies to assess climate-related risks across their supply chain, including deforestation, biodiversity, flooding, drought, and heat waves. A lack of due diligence regarding these risks can cause major disruption in business operations. We expect companies to closely work with suppliers to help assess these risks and mitigate them.

We view favorably companies that systematically communicate their expectations about quality, the environment, and human rights to their vendors, and view favorably firms that monitor them through independent audits.

Diversity within the Supply Chain

Local, small businesses are often the backbone of a thriving and independent middle class. By maintaining a diverse supplier base of small firms that build local communities and provide access to financial independence for those who might otherwise be shut off from financial success, large corporations can foster stable and just societies and support an inclusive approach to procurement. This also has commercial benefits in increasing the potential pool of business partners, which may further healthy competition to improve quality and prices.

Within the United States, companies often pursue a commitment to diversity by contracting with vendors owned by women and minorities, and other traditionally under-represented groups. Including support for such businesses, which have often not had access to mature markets, helps foster inclusive economies and provides groups that have historically been excluded the opportunity for success and creates more resilient supply chains.

> We believe that a diverse base of long-term suppliers benefits societies.

Empowerment and Viability

Large corporations can strongly affect, either positively or negatively, the viability of their suppliers and the quality of the lives of their suppliers' employees.

> We look for large corporations that invest in their suppliers to increase their technological capabilities and sophistication to meet quality, health, or environmental standards.

Small suppliers often lack the resources, motivation, or training to make substantial and often costly upgrades. As long-term purchasers of commodities, large companies can also ensure stable or preferential "fair trade" prices to protect their suppliers from the often devastating swings of the markets. These collaborative arrangements, which promote long-term, stable relationships, can work to strengthen and benefit both parties over time.

By contrast, large purchasers can impose oppressive financial and production conditions on small suppliers, driving suppliers to cut corners on safety or environmental compliance to maintain profitability. Such arrangements not only harm suppliers and their employees, but also weaken our economic systems.

Information on supplier contracts tends to be anecdotal and usually surfaces for a relatively limited number of corporations that are exceptional on either the upside or the downside. When available, we view positive or negative indicators in this area as particularly significant.

Investors

We believe that corporate governance, properly understood, should encompass a responsibility to the corporation and includes a duty to understand and address the full range of environmental and social risks and long-term rewards that can accrue to investors as well as others.

Corporations depend on a variety of financial partners for their development and survival, including stockowners, bondholders, private investors, financial services firms, and depositors. Boards of directors, corporate managers, and those entrusted with the management of investors' funds act as fiduciaries and agents for others. As such, they bear an obligation to communicate clearly and transparently with these financial partners, to manage their assets with the utmost integrity, to act in the best interests of investors, and to maintain the highest levels of ethical responsibility.

This obligation can be subsumed under the rubric of good corporate governance. The term corporate governance is, however, often used narrowly, particularly in the United States, to assert an obligation on the part of boards of directors and corporate managers to maximize share price.

Our positions on the more traditional measures of good governance (including separation of the roles of chair of the board and chief executive officer, staggered boards, independence of key board committees, and so on) are described in our Proxy Voting Guidelines. These structural mechanisms help ensure there is adequate oversight of management, that checks and balances are in place, and create an environment where broader accountability is possible.

A company's financial partners play a crucial role in maintaining the credit, stock price, liquidity, and the financial viability of a firm and their good faith and trust are therefore vital to the firm. This reciprocal relationship is crucial to the long-term financial viability of the corporation, as it is to the long-term financial prospects of its various investors.

Accounting, Credibility, and Business Ethics

> We look for companies that cultivate a culture of honest accounting and business practices throughout their operations, with adequate systems and safeguards in place to prevent systematic abuse, and view with concern those that have a pattern of accounting fraud or business scandals.

We encourage robust and ethical accounting practices, operations with strong independent oversight and auditing, adequate systems and controls, and honest operations without conflicts of interest. Companies are expected to operate in compliance with regulatory expectations, and often-times exceed these expectations. When companies lack fundamental controls and ethical business practices, this could erode the public trust and threaten their reputations.

Reporting and Transparency

It is important for communication between markets and stock and bond owners to be open and free. In our opinion, these communications should cover not only traditional financial indicators, but also nontraditional financial indicators such as environmental and social factors. We believe that these factors are relevant to investors' assessments of the competence and quality of management, and can have profound long-term or even short-term financial implications for firms that often go unrecognized by the mainstream financial community.

> We look for companies that communicate openly about the challenges they face, are thorough in the data they provide and are willing to enter into ongoing dialogue with stakeholders with legitimate concerns in these areas.

We do not, however, automatically take failure to communicate as a sign that a company has no positive initiatives, nor do we automatically take willingness to communicate this as a positive indicator. It is the quality of these communications and the company's actual record that are our primary concern.

Diversity of Representation

As with diversity among employees, diversity on a firm's board of directors can bring vitality and openness to a corporation.

In an increasingly diverse global economy, individuals with diverse gender, ethnic, and racial backgrounds can provide valuable insights about doing business in different countries, cultures, and economic environments. As the pace of innovation increases, a culturally diverse board is likely to understand new trends, to innovate, and to seek changes that benefit society broadly. The public is generally well served by corporations that lead by example in giving equal opportunity to all segments of society in this strategically important and high-profile public role.

Relationships with Controlling Owners

Cross-ownership among companies or ownership by governments, foundations, or families can raise complicated questions. If controlling interest rests with an organization other than the firm itself, we generally evaluate the company as if it were a wholly owned subsidiary of the controlling entity. When the controlling entity is a corporation, this process is straightforward—a positive or negative record for the controlling company becomes the crucial factor in our decision-making.

When the controlling owner is a family or individual, a foundation, or a government, the situation becomes more complicated. We evaluate these situations case-by-case but some general principles apply. When the controlling owner is an individual or family, we generally do not factor the family's reputation or politics into our analysis except in the case of conflicts of interest that could undermine the company's integrity as well as its reputation. In general, we regard ownership by foundations with a public service mission favorably. If, however, the foundation is simply a vehicle for family control, the same positives do not necessarily apply.

Finally, in the case of majority ownership by national governments, we evaluate such situations carefully. Although it can be argued that the state should logically be expected to play the role of an owner that has the public's interest at heart, numerous possibilities for conflicts of interest exist under state control. We look to several factors in our evaluations, including the government's record guided by our sovereign debt framework.

Universal to all of our products, these environmental and social standards have stood the test of time, continuing to help us identify long-term investments across both our equity and fixed-income strategies. Why? Because what gets counted counts.

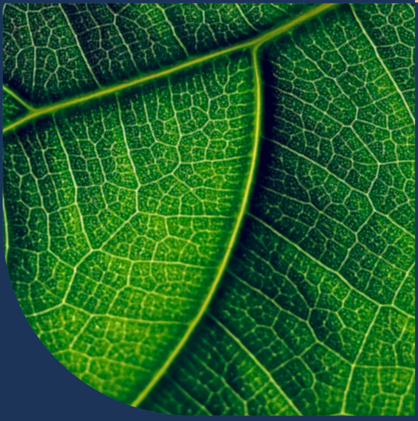
Carole Laible, CEO

Before investing, consider each Fund's investment objectives, risks, charges and expenses. Contact us for a prospectus containing this and other information. Read it carefully.

The Domini Funds are not bank deposits, are not insured, and are subject to certain risks. The market value of Fund investments will fluctuate and you may lose money. The Domini Impact Equity Fund is subject to certain risks including impact investing, portfolio management, information, market, recent events, and mid- to large-cap companies risks. The Domini International Opportunities Fund is subject to certain risks including foreign investing, geographic focus, country, currency, impact investing, and portfolio management risks. The Domini Sustainable Solutions Fund is subject to certain risks including sustainable investing, portfolio management, information, market, recent events, mid- to large-cap companies and small-cap companies risks. The Domini Impact International Equity Fund is subject to certain risks including foreign investing, emerging markets, geographic focus, country, currency, impact investing, and portfolio management risks. Investing internationally involves special risks, such as currency fluctuations, social and economic instability, differing securities regulations and accounting standards, limited public information, possible changes in taxation, and periods of illiquidity. These risks may be heightened in connection with investments in emerging market countries. The Domini Impact Bond Fund is subject to certain risks including impact investing, portfolio management, style, information, market, recent events, interest rate and credit risks.

The Adviser's evaluation of environmental and social factors in its investment selections and the timing of the Subadviser's implementation of the Adviser's investment selections will affect the Fund's exposure to certain issuers, industries, sectors, regions, and countries and may impact the relative financial performance of the Fund depending on whether such investments are in or out of favor. The value of your investment may decrease if the Adviser's or Subadviser's judgement about Fund investments does not produce the desired results. There is a risk that information used by the Adviser to evaluate environmental and social factors, may not be readily available or complete, which could negatively impact the Adviser's ability to evaluate such factors and Fund performance.

The Domini Funds are only offered for sale in the United States. DSIL Investment Services LLC, Distributor, Member FINRA. Domini Impact Investments LLC is the Funds' Adviser. The Funds are subadvised by unafilliated entities.



Domini®

Investing for Good®

1-800-582-6757
info@domini.com
domini.com
@dominifunds