



Domini's Commitment to Racial Justice



Introduction

We believe in the inherent dignity and the equal and inalienable rights of all members of the human family as the foundation of freedom, justice, and peace in the world. Racism is a persistent affront to those beliefs. The UN Guiding Principles on Business and Human Rights state:

“Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.”¹

We agree and therefore join the growing tide of businesses committed to eliminating racial injustice. We will take responsibility for, and where necessary, take action to address our impact on racial justice across our portfolios, firm and global community.

Our Racial Justice Action Plan (the “Plan”) is built in the context of the dual roles we serve in our society – as investors and as a business. Our impacts primarily occur through our investments; however, our firm’s nexus to racial justice is an area for potential human rights impact that we seek to recognize and address here. We recognize that the system is not external to us, we are of it, affecting it and affected by it.

As a founding signatory of the UN Guiding Principles, we use that human rights framework to guide our development of the Plan and our planned actions.

Section I. As Investors

Goals and Actions

As an organization, our greatest leverage point for influence on racial justice is as investors. Domini has had leading human rights standards and practices in our investment processes since our inception. As a respected and long-standing impact investor, our voice has the potential to impact corporations globally, as well as the financial community. As such, we will work to redouble our commitment to human rights by taking more explicit and focused action on racism. We will use our tools of standards, engagement and investing to help support and promote diversity and justice.

¹ https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

The following chart documents the goals we seek to achieve and related actions, as well as providing the context and history of our past work:

<p>Standards</p>	<p><u>Goal:</u> <i>Elevate racial diversity and systemic racism considerations</i> in our decision-making across all industries.</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Annually consider additional or amended key performance indicators that explicitly address issues of racism as guided by our processes. <ul style="list-style-type: none"> ○ Monitor emerging best practices on data, company expectations, and regulatory frameworks and consider relevant updates to our Standards. ❖ We consider companies ensuring Indigenous communities have the right to free, prior and informed consent (FPIC) and recognize their right to self-determination as a positive indicator in our research and in certain industries is considered a key performance indicator in our assessment. ❖ We seek fixed income investments that support historically underserved communities and their access to capital for necessary infrastructure. ☑ In 2019, Domini formalized its practice of excluding private prison operators and immigration detention centers. ☑ In 2020, Domini formally adopted diversity and inclusion as a universal key performance indicator across all industries. Prior to that, Domini had informally implemented diversity as a singular universal KPI since 2018. ☑ In 2021, we updated Domini’s Impact Investment Standards (“Standards”) to integrate racial equity into our Global Community theme. These standards are core to the investments we make. Inclusion of our commitment to racial justice in our Standards will integrate this consistently across the research process, provide better communication and greater transparency to our investors and the financial community. <p><u>Context and History:</u> Since Domini’s inception, we have incorporated several themes to promote racial diversity, end discrimination, and ensure respect for communities that have been historically underserved, marginalized, and affected by poverty and inequality. Domini has considered diversity to be a core tenant of a well-managed, forward-looking company since its inception. We have considered racial diversity on boards, executive management teams and workforce as a positive indicator particularly in certain industries such as banking and media.</p> <p>We have included respect for the rights of Indigenous peoples in our Standards and expect companies and issuers to ensure Indigenous communities have the right to free, prior and informed consent (FPIC) and recognize their right to self-determination. In addition, we have existing key performance indicators that are industry-specific and capture many issues related to racism, e.g. predatory lending or community health impacts. We have sought and invested in fixed income investments in communities and regions that have historically been deprived of access to capital for necessary infrastructure such as healthcare, education, sanitation, and transportation. We have</p>
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	<p>been a voice at the table for environmental justice to call for a safe, clean, and equitable environment for all, with fair treatment and involvement of communities.</p> <p>Historically we avoided investment in publicly traded companies significantly involved in for-profit prison and immigration detention operations due to the serious civil and human rights abuses that occur, particularly for communities that have been historically underserved, marginalized, and affected by poverty and inequality, when operated to extract profit rather than as a public good. This policy was formalized in 2019.</p>
<p>Engagement</p>	<p><u>Goal:</u> <i>Stimulate disclosure and respond</i> to the data; encourage business models and stakeholder relationships that further racial justice.</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Continue to engage with companies to encourage assessment of impacts of the business on racial justice, and as needed, the adoption of policies and practices to further racial justice through business models and relationships with stakeholders. ❖ Continue to engage with companies on workforce equity issues, on worker-driven solutions, on related disclosures, noting potential disparate impacts on Black, Indigenous and People of Color (BIPOC) workers. ❖ Continue to apply a racial justice lens, center affected communities, and look to affected communities for guidance and leadership on expectations and priorities. ❖ Continue to maintain proxy voting guidelines on issues of racial diversity and racial justice (subject to oversight and approval by the Domini Funds Board of Trustees) and amplify the impact of our voting practices through communications with issuers and our impact reporting. ❖ Continue to support corporate reporting that enables more robust analysis of racial equity. ❖ Continue to build relationships, foster industry collaboration and field building to advance racial justice through investing, encourage coherence of expectations, and leverage investor momentum. ☑ Since Domini’s inception in 1991, our proxy voting guidelines have included diversity requirements for voting on board composition. ☑ Since Domini’s inception in 1991, we have supported shareholder resolutions that have asked for reports that company undertake studies to assure that all women and minorities are paid comparably to their counterparts. ☑ In 2019, Domini adopted a new board diversity proxy voting standard and began opposing the election of some or all directors where historically underrepresented ethnic and racial groups make up less than 40% or at least three members of the board (whichever is greater). ☑ In 2022, Domini conducted 60 engagements on racial justice, including on board diversity, racial equity audits, workplace discrimination, industry proxy voting practices, public speaking about our racial justice action plan, and 3 engagements with policy makers on relevant public policy.

	<p><u>Context and History:</u> We believe that gender and racial diversity on boards helps to mitigate governance risks and promote a more equitable workplace. Companies with diverse leadership are more likely to better understand customer needs, anticipate new societal trends and emerging issues, and foster cooperation with their workforce and communities. Having diverse leadership also helps deter discriminatory practices and fosters a culture of tolerance and inclusiveness throughout an organization.</p> <p>Throughout our history, Domini has engaged companies to promote racial and gender diversity in company management through letter writing campaigns, shareholder proposals, company dialogues, and voting our proxies.</p> <p>In 2019, we adopted a new proxy voting standard for diversity on boards. In markets where the information is available, the Domini Funds now oppose the election of some or all directors where historically underrepresented ethnic and racial groups make up less than 40% or at least three members of the board (whichever is greater). We apply the same standards across all markets and oppose the election of some or all directors where women make up less than 40% or at least three members of the board (whichever is greater).</p>
<p>Investment</p>	<p><u>Goal:</u> Seek investments that help fill capital gaps affecting historically underserved communities, including Black, Indigenous and People of Color (BIPOC) communities.</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Continue to seek investments that help finance and promote a more just economy for BIPOC communities. Where data is available, we seek to evaluate relevant information related to diversity and systemic racism and its impacts on business models, leadership, and stakeholders to inform decision-making. ❖ Continue to seek useful, consistent, relevant metrics that help evaluate portfolio impact. ❖ Continue to communicate investment impact through regular public reporting, where data is available. ☑ Since 2000, Domini has sought fixed income investments that seek to support BIPOC communities through access to capital, creation of public goods, and filling capital gaps left by current financial practices. <p><u>Context and History:</u> Since its launch in June 2000, the Domini Impact Bond Fund has sought investments that help build healthy vibrant communities by addressing three key goals: to increase access to capital for those historically underserved by the mainstream financial community, create public goods for those most in need, and fill capital gaps left by current financial practice. We acknowledge the history of our financial systems and economy, which has roots in exploitation, dispossession of land and resources, and discrimination. These structures have contributed to inequality, disparate access to resources and opportunities, and the racial wealth gap. We seek to support access to affordable and quality housing, health care, education, jobs, transportation, energy, water, the transition to a low-carbon future, financial services, and other critical</p>

	<p>resources. Through fixed-income investments, we believe we can contribute to the sustainability of communities and help foster economic opportunity for generations to come.</p> <p>Examples of holdings that have addressed capital gaps in BIPOC communities are included regularly in our quarterly and annual impact reports. For example this has included bonds issued by an HBCU, a social bond to address the economic and social challenges resulting from the COVID-19 pandemic, particularly among communities of color, who were disproportionately affected, and to address systemic issues exposed by the pandemic and the protests in response to police use of violence against persons of color.</p> <p>Domini has a long history of investing in community development financial institutions (CDFIs) that help improve economic opportunity in low-income communities by expanding access to capital. This also includes investment in companies and securities with a commitment to provide access to credit, financial services, housing financing, and opportunities to historically marginalized BIPOC communities.</p>
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“As an Investor” Assessment

We refer to the guidance laid out by the Investor Alliance for Human Rights in the “[Investor Toolkit on Human Rights](#).”² As per the toolkit, it has “...a primary focus on investment activities, the Toolkit’s viewpoint is for equity ownership investments in both public and private companies, as well as both active and passive investment strategies.” With its investment-centric approach, we use it to report on our progress in our “As Investors” section of this report.

The following assessment is consistent with the “Toolkit Annex” included in the guide:

Tool #1: Checklist for policy commitment

- Approved at the most senior level of the institution.*
 - The Domini Standards Committee, which is comprised of Domini’s most senior-level environmental and social expertise, is responsible for the Domini Standards and engagement activities.
- Informed by relevant expertise.*
 - Informed by human rights expertise on our staff.
 - Worked with external consultant.
- Describes expectations of relationships.*
 - Expand our human rights expectations in Domini Impact Investment Standards.
 - Seek to center affected communities and look to those communities for guidance and leadership in engagements.
- Communicate publicly and actively, internally and externally.*

² <https://investorsforhumanrights.org/sites/default/files/attachments/2020-05/Full%20Report-%20Investor%20Toolkit%20on%20Human%20Rights%20May%202020c.pdf>

- Published on Domini website and share on social media.
- Disseminated detailed Plan internally containing information such as responsible party, timeline and budget.
- ☑ *Embedded throughout the business, including within other policies and procedures.*
 - Plan covers Domini overarching standards, detailed key performance indicators used in investment selection and engagement to hold companies and issuers accountable.

Tool #2: Checklist for human rights governance

- ☑ *Approach is grounded in the institution’s policy commitment and embedded into governance systems.*
 - Policy commitment integrated into Domini Impact Investment Standards (see Tool #1 above).
- ☑ *Allocation of responsibility and accountability is assigned to specific functions.*
 - Domini’s internal documents specify parties responsible, timeline and budget.
- ☑ *Ultimate responsibility and accountability for implementation assigned to senior leadership.*
 - Senior Domini leaders developed our “As an Investor” actions and goals and will monitor progress annually.
- ☑ *Board of Directors has oversight of and receives regular updates on implementation of the policy commitment from senior management.*
 - Domini reports updates to our Domini Impact Investment Standards Committee and to the Domini Funds Board of Trustees.
- ☑ *Resources are allocated for implementation of commitment.*
 - Domini’s internal documents specify parties responsible, timeline and budget.
- ☑ *Capacity building takes place across all functions*
 - Domini’s senior staff provide training to research and engagement departments.
 - External training conducted as needed.
- ☑ *Clear procedures for selection, engagement, and oversight (e.g., portfolio companies).*
 - Domini’s Impact Investment Standards and Key Performance Indicators provide clear procedures for selection and Domini’s Annual Engagement Plan provides specific actions.

Tool #3: Asset owner questions for asset managers

Not applicable as Domini Impact Investments is an asset manager.

Tool #4: Template company profile

- ☑ *Provide a summary of the company’s disclosed human rights policies and processes, as well as key gaps in the implementation of the corporate responsibility to respect human rights.*
 - Domini maintains a proprietary database to maintain all data collected on a company’s environmental and social performance as directed by its subindustry key performance indicators. Diversity is a universal Key Performance Indicator and additional metrics on systemic racism have been identified and integrated into the research training and process.

Additional Assessment tools:

- ☑ Use internal implementation matrix to implement and monitor the goals and actions of our Plan.

Section II. As a Business

Actions and Goals

As a business, Domini has always been committed to the value of diversity and racial equity. In fact, it is integral to creating a product that our investors want. Environmental and social research depends on having a diverse range of perspectives, experiences, identities, and points of view in assessing corporate impacts.

However, we are now adopting several policies and practices to increase diversity more intentionally on our team and foster a sense of inclusion and belonging. (Note: BIPOC refers to Black, Indigenous and people of color).

<p>Hiring</p>	<p><u>Goal:</u> Increase BIPOC representation and inclusion on Domini’s workforce.</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Continue to seek to interview at least one BIPOC candidate for each job opening. ❖ Continue to disseminate job postings widely to enhance representation of BIPOC candidates and new hires. ❖ Consider use of a recruiter when possible to expand scope of hiring search ❖ Seek to establish relationships with Historically Black Colleges and Universities (HBCUs) and schools with diverse student bodies to build relationships and foster a hiring pipeline. ❖ Continue to communicate commitment to being an equal opportunity employer in job postings. ❖ Maintain a list of trade associations and relevant hiring resources to help identify diverse employment candidates as such entities become known. ☑ In 2021, Domini adopted new hiring practices including the utilization of recruiting firms to help ensure that at least one BIPOC candidate is interviewed for every job opening. ☑ In 2022, Domini created a 2023 summer internship program to recruit BIPOC candidates from New York City-based non-profit academic institutions to initiate interaction in the field of finance and stimulate awareness of impact investing. ☑ In 2022, Domini engaged a BIPOC recruiter to enhance our pipeline to BIPOC candidates and participated in the recruiter’s webinar to promote careers in finance and impact investing broadly across the recruiter’s candidate base. ☑ In 2022, Domini considered at least one BIPOC candidate for each position filled. <p><u>Context and History:</u> With an understanding of the advantages diversity and inclusion brings, Domini’s team has historically had strong racial and gender diversity.</p> <p>Domini’s employment policies and procedures have historically included a commitment to being an equal opportunity employer and treating all employees fairly without regard to age, ethnicity, physical disability, national origin, race, religion, sexual orientation, actual or perceived gender identity or expression (including the status of being transgender), or any other characteristic protected pursuant to applicable federal, state or local law. Domini also prohibits discrimination and harassment in the workplace and maintains a no retaliation policy for filing or cooperating with an investigation of such complaints.</p>
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The diversity of our team members is as follows:

Racial Diversity	2022*	5-year average**	10-year average**
BIPOC	13.8%	15.8%	15.4%
White	86.2%	84.2%	84.6%

*Based on employee survey responses for those employed as of 12/31/2022

**Estimated average for those employed as of each 12/31 for years ending prior to 2021

All demographic data from 12/31/2022 on is self-reported by our employees. As a relatively small organization, we are working with our team to ensure that any demographic data we report externally helps to support our Plan goals and desire for transparency, while also protecting individual privacy.

For this Plan, we utilized EEO-1 categories for racial/ethnic self-identification and aggregated all such categories except White in our BIPOC result. While we recognize the limitations of these categories, we believe that reporting in this framework allows for the most comparability with the data broadly available for our industry.

Culture

Goal: **Build a multi-cultural community** where everyone can thrive.

Actions:

- ❖ Continue to conduct regular firmwide training on topics including racial diversity, equity, inclusion, anti-racism, systemic racism, belonging, bias, respect, etc..
- ❖ Continue to conduct voluntary employee diversity survey regarding race/ethnicity to measure workforce diversity.
- ❖ Continue to periodically conduct compensation study to assess pay equity.
- ❖ Continue to seek opportunities to recognize and celebrate BIPOC history, culture and influence and support other practices to strengthen inclusion and belonging.
- Organize project to highlight Domini’s art and memorabilia to celebrate diverse culture and arts, and provide information on how it was curated.
- ☑ In 2020, Domini added Juneteenth (June 19th) to our paid holiday calendar to recognize and celebrate the emancipation of those who had been enslaved in the United States.
- ☑ In 2021, Domini added Martin Luther King Day to our paid holiday calendar to celebrate BIPOC history, influence, and leadership.
- ☑ In 2021, Domini conducted a voluntary employee diversity survey regarding race/ethnicity to help measure its workforce diversity and updated its employment process to help ensure that survey results could be updated at least annually.
- ☑ In 2022, Domini staff members visited the Smithsonian National Museum of the American Indian to deepen the understanding and celebrate Indigenous cultures. We held an educational session and discussion on Indigenous Peoples, cultures, and history in relation to finance.

Context and History: We recognize the benefits of a diverse work community that brings together people from different cultures and life experiences. We seek to foster a work environment that honors each person’s identity, fosters a sense of belong, and enables them to thrive. Part of this includes our work location. Domini’s office was intentionally decorated by our Founder and Chair, Amy Domini, with personally selected art and memorabilia from the southern hemisphere, including Asia and Africa, to celebrate cultural diversity and to serve as a reminder of our global community.

<p>Procurement</p>	<p><u>Goal:</u> <i>Stimulate disclosure and transparency.</i></p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Continue to engage new and existing suppliers, consultants and other business partners with significant business relationships on their diversity and equity policies, leadership, and racial justice impacts. □ Develop guidance on procurement to integrate considerations on racial equity and diversity into decision-making. ☑ In 2022, we developed a framework for requesting and reviewing racial diversity and justice reporting and practices that was incorporated into our annual due diligence and onboarding process for significant business partners. <p><u>Context and History:</u> In the past, Domini has relied on our in-house ESG research when doing business with publicly traded companies and, when possible, sought to engage with only those that were considered eligible for investment. Beginning in 2021, Domini began exploring ways to formalize requests and collection of racial diversity data from significant vendors with the goal of stimulating reporting and transparency in future years. In 2022 we developed a framework for requesting and reviewing racial diversity and justice policies with respect to significant vendors that was incorporated into our annual due diligence and onboarding process for such entities. Vendors that are subject to annual due diligence will also be asked to update their reporting annually going forward.</p>
<p>Communications</p>	<p><u>Goal:</u> <i>Reflect our commitment</i> to racial inclusion, diversity and respect.</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Continue to implement best practices across all communication channels, including marketing, such as: <ul style="list-style-type: none"> ○ Use of respectful and appropriate language and imagery. ○ Require inquiry on BIPOC representation prior to Domini participation on all conference panels. ○ Seeking representation of at least one BIPOC representative for Domini organized events such as conferences and webinars. ○ Require inquiry on BIPOC representation on speaking panels for Domini sponsorship of conferences. ☑ In 2022, Domini implemented guidelines firmwide to be utilized across all communication channels, including marketing, to help ensure compliance with best practices for use of respectful and appropriate language and imagery. <p><u>Context and History:</u> Domini has informally reviewed materials with a lens of racial and ethnic sensitivity and sought to use imagery that is culturally diverse. In 2021 Domini, began formally training its staff about the Plan annually and upon hiring. This training covers each employee’s obligation to consider BIPOC representation with respect to panels for all Domini- and non-Domini-related events. In 2022, Domini also implemented written guidelines applicable to the</p>

	firm communications to help ensure compliance with best practices for the use of respectful and appropriate language and imagery.
Implementation	<p><u>Goal:</u> Ensure we are taking steps to implement each component of the Plan to help detect and prevent systemic biases and fulfill our commitment to racial justice.</p> <p><u>Actions:</u></p> <ul style="list-style-type: none"> ❖ Continue to maintain implementation matrix with timeline to monitor the goals and actions of our Plan. ☑ In 2022, Domini created an implementation matrix with timelines to implement and monitor the goals and actions of our Plan.

“As a Business” Assessment

For our “As a Business” section, we again turn to the “Investor Toolkit for Human Rights.” We use relevant items of tools #1 and #2, which are related to policy and governance, to assess our Plan and actions.

Tool #1: Checklist for our internal policy commitment

- ☑ *Approved at the most senior level of the institution.*
 - Our “As a Business” Goals and Actions have been approved by our most senior executives.
- ☑ *Informed by relevant expertise.*
 - Informed by human resources and human rights expertise on our staff.
 - Worked with external consultant.
- ☑ *Describes expectations of relationships.*
 - Our “As a Business” Goals and Actions provide clear, concrete description of expectations
- ☑ *Communicate publicly and actively, internally and externally.*
 - Published on Domini website and share on social media.
 - Disseminated detailed Plan internally containing information such as responsible party, timeline and budget.
- ☐ *Embedded throughout the business, including within other policies and procedures.*
 - ☑ To be integrated into Domini’s written procedures and training schedule.
 - Domini procurement guide to be created.
 - ☑ On an ongoing basis, provide periodic staff training regarding Plan Goals and Actions.

Tool #2: Checklist for our internal human rights governance

- ☑ *Approach is grounded in the institution’s policy commitment and embedded into governance systems.*
 - Policy commitment integrated into Plan (see Introduction and Tool #1 above).
- ☑ *Allocation of responsibility and accountability is assigned to specific functions.*
 - Domini’s internal documents specify parties responsible, timeline and budget.
- ☑ *Ultimate responsibility and accountability for implementation assigned to senior leadership.*

- Senior Domini leaders developed our “As a Business” Goals and Actions and will monitor progress bi-annually.
- Board of Directors has oversight of and receives regular updates on implementation of the policy commitment from senior management.*
 - Domini’s Operating Agreement Managers have participated and overseen the development of our “As a Business” Plan and will receive regular updates.
- Resources are allocated for implementation of commitment.*
 - Domini’s internal documents specify parties responsible, timeline and budget.
- Capacity building takes place across all functions*
 - Domini will conduct firmwide training and seek additional training where needed,
- Clear procedures for selection, engagement, oversight, and review of all business partners (e.g., consultants and other service providers).*
 - Domini senior staff is responsible for developing a plan for engagement and procurement standards to integrate into all business relationships where it is not yet in place.

Additional Assessment tools:

- Use implementation matrix to implement and monitor the goals and actions of our Plan.

