



## Domini Forest Project

### Process and Initiatives: Summary

November 2022

This document provides a high-level historical overview and inventory of the process steps Domini has taken in implementing our Forest Project. It is organized by the six procedures that The Investment Integration Project has set out as part of a system-level approach and outlined in *21<sup>st</sup> Century Investing*.<sup>1</sup> Highlights for each step in this process are listed chronologically. We have pursued these processes simultaneously in an effort to take a comprehensive approach to the implementation of the program.

Process Highlights	
<b>#1. Set Goals</b>	<ul style="list-style-type: none"> <li>• 2016 – Committed to system-level approach, introduced the concept to the firm.</li> <li>• 2017 – Developed an Investment Beliefs Statement that included reference to the importance of system-related contexts. Published the IBS on our website.</li> <li>• 2018 – Began reporting publicly on our system-related endeavors.</li> </ul>
<b>#2. Decide Where to Focus</b>	<ul style="list-style-type: none"> <li>• 2017 – Adopted a comprehensive approach to multiple system-level risks and rewards.</li> <li>• 2018 – Reported on the results of our multi-focused system-level approach.</li> <li>• 2018 – Decided to focus on a single system: forests.</li> <li>• 2019 – Interviewed industry experts and identified forest-related systems dynamics, key impediments, and their related leverage points.</li> <li>• 2019 – Justified selection of forests.</li> <li>• 2019 – Analyzed our portfolio exposure to forest-related risks and rewards.</li> <li>• 2019 – Developed forest-related system-dynamics maps.</li> <li>• 2020 – Set goals for addressing impediments at key leverage points.</li> <li>• 2022 – Expanded definitions of forest lands to include agricultural lands and expanded our emphasis on biodiversity and Indigenous peoples.</li> </ul>

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	<ul style="list-style-type: none"> <li>• 2022 – Began to track progress toward the goals set for key leverage points.</li> </ul>
<b>#3. Allocate Assets</b>	Under development.
<b>#4. Apply Investment Tools</b>	<p>As part of this process, we extend several of our conventional investment tools to incorporate a system-level perspective.</p> <p><i>Investment Beliefs and Principles.</i></p> <ul style="list-style-type: none"> <li>• 2018 – Developed a forest-specific Investment Beliefs Statement and corresponding set of Principles.</li> <li>• 2022 – Expanded our forest-specific Investment Beliefs Statement to reflect a focus on regenerative agriculture, biodiversity, and Indigenous peoples.</li> </ul> <p><i>Engagement.</i></p> <ul style="list-style-type: none"> <li>• 2018-Ongoing – Continued forest-related engagements with corporations, focusing on issues relating to deforestation, palm oil, human rights abuses, and agricultural practices.</li> <li>• 2022 – Joined the Finance Sector Deforestation Action collaborative engagement coalition, agreed to lead on engagement with five international companies.</li> </ul> <p><i>Security Selection.</i></p> <ul style="list-style-type: none"> <li>• 2019 – Developed and incorporated forest and biodiversity-related Key Performance Indicators for company evaluations for non-financial industries.</li> <li>• 2021 – Developed and incorporated forest and biodiversity-related Key Performance Indicators for company evaluations for financial industries.</li> </ul> <p><i>Due Diligence.</i></p> <ul style="list-style-type: none"> <li>• 2019-Ongoing – Included descriptions of our forest-related initiatives in due diligence presentations with institutional clients.</li> </ul>
<b>#5. Leverage Advanced Techniques</b>	<p>Domini has made use of seven advanced techniques to help manage forest- and agriculture-related risks at a system level. Recent examples include:</p> <p><i>Self-Organization.</i></p> <ul style="list-style-type: none"> <li>• 2020-Ongoing – Signed Finance for Biodiversity Pledge, Serve as Vice Chair of the Advisory Board of the Finance for Biodiversity Foundation.</li> <li>• 2021-Ongoing – Participated in the 11-member launch group for Nature Action 100 and as a member of the Ceres Food Emissions 50 and FAIRR projects.</li> <li>• 2021-Ongoing – Signed the Financial Sector Commitment Letter on Eliminating Commodity-Derived Deforestation and joined its Financial Sector Deforestation Action collaborative engagement team.</li> </ul> <p><i>Interconnectedness.</i></p> <ul style="list-style-type: none"> <li>• 2019-Ongoing – Integrated our commitment to forests and system-level investment into our public presentations, webinars, and blog posts.</li> </ul>

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	<ul style="list-style-type: none"> <li>• 2017-Ongoing – Featured on numerous industry panels concerning system level investing and our Forest Project. (Six public speaking engagements by Domini’s Chief Executive Officer and Director of Engagement from January-October 2022.)</li> </ul> <p><i>Polity.</i></p> <ul style="list-style-type: none"> <li>• 2020-2022 – Garnered support for “no-deforestation” preferential purchasing legislation in California and New York, as well as for the Resilient Federal Forests Act.</li> <li>• 2021-Ongoing – Participated in the Investor Policy Dialogue on Deforestation organization’s Brazil working group.</li> <li>• 2022 – Submitted public comments to the Securities and Exchange Commission in support of its Requests for Information on Environmental, Social and Governance Disclosure in 2021 and its Rulemaking on Climate-related Financial Disclosure in 2022, emphasizing the need for disclosure on forests, land use, and Indigenous peoples in the context of climate-risk mitigation</li> </ul> <p><i>Standards Setting.</i></p> <ul style="list-style-type: none"> <li>• 2019-20 – Surveyed our financial services and other deforestation-risk-related holdings on their best practices with regards to policies and practices relating to forests and systemic risks.</li> <li>• 2022 – Initiated engagement with the Forest Stewardship Council on their standards setting and implementation.</li> </ul> <p><i>Diversity of Approaches.</i></p> <ul style="list-style-type: none"> <li>• 2018-Ongoing – Intentionally adopted a variety of tools and techniques designed for system-level influence with regards to forest-related challenges.</li> </ul> <p><i>Evaluations.</i></p> <ul style="list-style-type: none"> <li>• 2019 – Initiated our Forest Value Creators project.</li> </ul>
<p><b>#6. Evaluate Results</b></p>	<p>Domini has reported on and evaluated its results externally and internally.</p> <ul style="list-style-type: none"> <li>• 2016-Ongoing – Domini Quarterly Impact Reports provide interim public reports on forest-related initiatives.</li> <li>• 2017-Ongoing – Domini Annual Impact Reports include forest-related activities for the year.</li> <li>• 2021 – Prepared an internal Self-Assessment report on the effectiveness of various initiatives and their presumed influence at key leverage points.</li> </ul>

<sup>1</sup> Steve Lydenberg is Founder and Chairman of The Investment Integration Project, a for-profit applied research and consulting firm. At Domini Impact Investments, where he is employed part time, he serves as Partner, Strategic Vision. Domini consults with TIIP on general matters relating to system dynamics in the investment process.

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