Domini

Domini Forest Project

Domini Forests-Focus Justification

2023

Introduction

Domini Impact Investments initiated a Forest Project in 2018. We did so because we believed that the risks and opportunities presented by forests and related lands impacted our portfolios across asset classes, industries, and individual securities.

To help manage these global, systemic risks and opportunities, we believe that as an investor we can effectively complement our traditional portfolio risk management approaches with ones designed to exert positive influence at a system level. Doing so will, we believe, help mitigate our risks across our asset classes, industries, and specific securities. These risks are characteristic of the type of systemic challenges that investors will increasingly face in the 21st century.

Not all issues of public importance and debate, however, appeared to us qualify as systemic risks for investors. To ensure that forest-related challenges posed risks that justify Domini using management techniques and tools designed for system-level influence, we have evaluated this challenge against four considerations. They are:

- **Consensus***.* Authoritative global bodies must have reached a reasonable consensus about the issue's systemic risks and opportunities.
- **Relevance***.* The issue must have potential positive and negative impacts on our portfolios across asset classes, industries, and individual securities.
- **Effectiveness***.* We have the resources and skills, along with the commitment, to contribute to the management of the issue's risks and opportunities.
- **Uncertainty***.* The issue must pose long-term systematic challenges that are so unpredictable and irresolvable our conventional portfolio management tools and techniques are unable to deal with them; they therefore require new, "advanced" techniques.

Because forest-related systemic challenges pass all four of these tests, we believe that pursuing a system-level investment risk-management approach is appropriate.

Consensus

An extensive consensus exists about the systemic value of forests and related lands and the risks of undermining that value.

Global Action on Forests

As climate change progresses, investors, NGOs, corporations, and governments are seeking avenues of slowing or reversing deforestation. The four forest-risk commodities, palm oil, cattle, soy, and wood and paper products, are chief targets for forest initiatives, given their linkage to forty percent of tropical deforestation.

Numerous companies pledged to eliminate deforestation in their supply chains by 2020 as part of the 2014 New York Declaration on Forests. The declaration was signed by over 190 national and subnational governments, multinational companies, groups representing indigenous communities, and nongovernmental organizations who pledged to end forest loss by 2030.

These no-deforestation goals were supported by language in the UN Sustainable Development Goals (SDGs), adopted in 2015 by all UN member countries, which stipulates in Goal 15, target 2, that "By 2020, [countries should] promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally." Beyond climate, forests affect development areas including sustainable livelihoods, indigenous rights, governance, and human health. As reflected in the accompanying graphic and table, these impacts lead to many linkages between forests and the SDGs.

Forest UN Sustainable Development Goal Linkages	
Forest Impact Area	**Related SDG**
Forest Cover and management as relates to global biodiversity	Goal 15, *Life on Land*
Carbon sequestration	Goal 13, *Climate Action*
Protection of rural and indigenous livelihoods and traditional ways of life	Goal 1*, Reducing Poverty* Goal 10*, Reducing Inequalities*
Biodiversity as a source of disease control and medically useful compounds	Goal 3, *Good Health and Well-being*
Impact on agricultural viability and food security and as safety net sources of food and nutrients	Goal 2, *Hunger*
Increased resource efficiency, agricultural intensification, and use of recycled materials	Goal 12, *Responsible Consumption and Production*

The Paris Agreement on Climate Change, also signed in 2015 by 185 countries, strongly supported the UN REDD+ program, which provides financial incentives to halt deforestation. As increasingly dire predictions about the speed and effects of climate changes have come to the fore, forests have re-emerged as a potential asset and liability. The Intergovernmental Panel on Climate Change (IPCC), a body of over 3000 international scientists, reports that we are on track to experience catastrophic effects including droughts and heatwaves, biodiversity loss, and famine even if warming is limited to 1.5°C. According to the IPCC, "Reducing deforestation and forest degradation represents one of the most effective options for climate change mitigation."[1] Forests are directly tied to global climate systems, serving as a carbon sink and regulating heat and moisture. Their loss is changing global rainfall and temperature patterns, with potentially dire consequences for agricultural productivity.

As part of the G7's "2030 Nature Compact" agreed to in 2021 and aimed at ending biodiversity loss, these nations committed to "(t)ackling deforestation, including by supporting sustainable supply chains and demonstrating clear domestic action." In doing so, they pledged to "working collaboratively with partners and stakeholders to drive global system change that works for all, prioritizing the inclusion of Indigenous Peoples as well as local communities."[2]

Investor- and industry-led initiatives focusing on core drivers of deforestation continue to garner widespread support. Among these are Nature Action 100, Taskforce for Nature-related Financial Disclosure, and Finance for Biodiversity.

[1] IPCC. *Climate Change 2022: Mitigation of Climate Change, Chapter 7 "Agriculture, Forestry, and Other Land Uses"* Pryadarshi R. Shukla and Jim Skea eds. (Geneva, Switzerland: Intergovernmental Panel on Climate Change) 2022:780.
[2] Government of Canada. Press Release "G7 2030 Nature Compact." (Ottawa) June 13, 2021.

Relevance

Domini has a duty to monitor risk and create value for our shareholders. Deforestation is occurring at a scale that is a macro-risk to our investments across asset classes, industries, and securities and could threaten the global economy. Accordingly, we have analyzed our portfolio exposure to risks relating to forests and related lands, including those of deforestation, biodiversity loss, and degradation of arable soil, among others. Our results, summarized in *Table 1*, clarifies the relevance of forests to our operations and informs our system interventions.

Forest-related Risks and Opportunities

The health and resilience of forest-related lands have implication for the global economy and hence our portfolios across all industries and asset classes.

Deforestation is a source of carbon emissions that thereby contributes to climate instability. It is generally agreed that ongoing deforestation of tropical forests contributes up to ten percent of "global warming pollution."[3]

Deforestation brings with it losses to the regulation of fresh water, biodiversity, the livelihoods of Indigenous Peoples, and nutrient recycling systems. Standing forests, by contrast, absorb carbon, contribute to climate stability, regulate fresh water, promote biodiversity, support the lives and cultures of Indigenous Peoples, and create self-perpetuating nutrient recycling systems.

The Amazon tropical forests may soon be reaching a tipping point beyond which they will transform into a savannah. As of 2018, approximately 18% of the Amazon had suffered from deforestation. According to the Stockholm Resilience Center, the Amazon basin could cross that tipping point when 25% of its area has been deforested.[4] This regime shift in the Amazon is likely to impact the climate broadly around the world. For example, it is predicted that a shift to savannah may decrease rainfall in the U.S. Midwest, Northwest, and parts of the South during the agricultural season.[5]

Deforestation presents a clear case for action, but there is also an opportunity to create positive impact and value by addressing it.

Considering broader systems dynamics of sustainability challenges helps us to identify forward-looking companies that are cognizant of risks and working to preempt them. We believe this to be a good indicator of strong management.

System analysis also could help us identify where in the system to invest in solutions By investing in solutions-oriented value creation, we can plant the seeds of future investment

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[3] Union of Concerned Scientists. "Tropical Deforestation and Global Warming" *Reports & Multimedia Explainer* Website. (Cambridge, Mass.: Union of Concerned Scientists) July 27, 2028, updated November 10, 2021.
[4] Owen Gaffney, et al. *Sleeping Financial Giants: Opportunities in Financial Leadership for Financial Stability* (Stockholm: Stockholm Resilience Center) 2018:6.
[5] *Lawrence, D., Vandecar, K., (2014*) Effects of tropical deforestation on climate and agriculture, *Nature Climate Change, vol. 5, pages 27–36.*

opportunities. In addition, building the internal capacity to understand challenges from a systems-dynamics perspective enhances our ability to think strategically and plan for the long term.

Table 1
Exposure of Domini Fund holding to forest-related direct and indirect risks versus benchmarks

Fund / Index	1A	1B	1AB	2AB	3	4AB
Domini Impact Equity Fund	**10.28%**	**4.72%**	**11.09%**	**41.35%**	**21.50%**	**11.04%**
S&P 500 Index	7.45%	13.17%	11.92%	33.55%	22.25%	11.66%
Difference	2.83%	-8.45%	-0.83%	7.80%	-0.75%	-0.62%

Fund / Index	1A	1B	1AB	2AB	3	4AB
Domini Impact Intl Equity Fund	**12.48%**	**10.64%**	**15.87%**	**18.65%**	**23.09%**	**19.26%**
MSCI EAFE Index	10.61%	17.81%	15.07%	24.43%	13.42%	18.65%
Difference	1.87%	-7.17%	0.80%	-5.78%	9.67%	0.61%

Fund / Index	1A	1B	1AB	2AB	3	4AB
Domini Intl Opportunities	**14.68%**	**9.03%**	**12.47%**	**31.92%**	**13.25%**	**18.65%**
MSCI EAFE Index	10.61%	17.81%	15.07%	24.43%	13.42%	18.65%
Difference	4.07%	-8.78%	-2.60%	7.49%	-0.17%	0.00%

Table 1: Percentages of holdings in Domini Funds that meet our social and environmental standards for investment and fall into each forest linkage category for exposure to forest-related direct or indirect risks.
As of September 30, 2022

Forest Linkage Analysis

Industries have different degrees and types of exposure to the systemic risks and impacts related to forests and related lands, largely based on how directly linked their business is to forests products, other ecosystem services provided by forests, and deforestation.

We have defined four categories of linkage and their attendant risks to clarify the relevance of forests to each of our subindustries. These categories are based on the degree to which forests and land ownership is linked to the core business of the industry. This linkage may create a positive dependency on forest products or services or result in negative impacts on forests and related lands, or both simultaneously.

All four categories of industries rely directly or indirectly on the regulating and supporting services from forests, including for mitigation of climate change.

Forest Direct Linkage Categories: 1, 1A, 1B, 1AB

Classification 1A: Direct Depend Only

Linkage:	Direct Linkage, Depend
Subindustries:	Biotechnology, Drug Retail, and Pharmaceuticals
Risk/Opportunity:	Low risk, high opportunities

Comparison of risk/opportunity exposure v. benchmark:

FUND / INDEX	1A	FUND / INDEX	1A	FUND / INDEX	1A
Domini Intl Opportunities Fund	**14.68%**	**Domini Impact Intl Equity Fund**	**12.48%**	**Domini Impact Equity Fund**	**10.28%**
MSCI EAFE Index	10.61%	MSCI EAFE Index	10.61%	S&P 500 Index	7.45%
Difference	4.07%	Difference	1.87%	Difference	2.83%

The 1A direct deforestation category, defined as dependency only, is composed entirely of Biotechnology, Drug Retail, and Pharmaceutical subindustries, which have a unique relationship to forest ecosystems. Forests are considered a “vital source of medicinal plants for both traditional and modern healthcare systems.”[6] Additionally, forests provide protection from disease: an estimated 60% of emerging infectious diseases come from animals whose habitat is lost through deforestation. This is a major cause of viruses’ jump from wildlife to humans is habitat loss, often through deforestation.[7] Pharmaceutical operations in the forest are generally not extensive enough to contribute to substantial deforestation; they therefore pose relatively low deforestation risks. They are a low risk, high opportunity category.

Our investment standards tend to overweight companies in the healthcare industries. This tendency largely accounts for the overexposure of the Domini funds to companies in the 1A category.

Classification 1B: Direct Impact Only

Linkage:	Direct Linkage, Impact
Subindustries:	Fossil Fuels and Mining, Utilities, Railroads, Construction & Building, Telecommunications, Hotels & Casinos, and certain REITs
Risk/Opportunity:	High risk, low opportunity

[6] Forest Stewardship Council. *Forest* Medicines Website.
[7] Christine Nunez. “Why deforestation matters – and what we can do to stop it” *National Geographic* December 7, 2022.

Comparison of risk/opportunity exposure v. benchmark:

FUND / INDEX	1B	FUND / INDEX	1B	FUND / INDEX	1B
Domini Impact Equity Fund	**4.72%**	**Domini Impact Intl Equity Fund**	**10.64%**	**Domini Intl Opportunities Fund**	**9.03%**
S&P 500 Index	13.17%	MSCI EAFE Index	17.81%	MSCI EAFE Index	17.81%
Difference	-8.45%	Difference	-7.17%	Difference	-8.78%

The 1B direct deforestation category, defined as impact only, is composed primarily of Fossil Fuels and Mining, Utilities, Railroads, Construction & Building, Telecommunications, Hotels & Casinos, and certain REITs subindustries. These companies are exposed to high deforestation risks and have relatively limited opportunities to mitigate climate change and promote biodiversity through their daily operations. It is a high risk, low opportunity category.

Our investment standards investment standards exclude companies in the fossil fuel subindustry and tend not to favor mining firms. These policies largely account for the underexposure of the Domini funds to companies in the 1B category.

Classification 1 AB: Direct Impact and Depend

Linkage:	Direct Linkage, Impact and Depend
Subindustries:	Forest & Agricultural Products, Food & Drink Distributors & Retailers, Household & Personal Products
Risk/Opportunity:	High risk, high opportunity

Comparison of risk/opportunity exposure v. benchmark:

FUND / INDEX	1AB	FUND / INDEX	1AB	FUND / INDEX	1AB
Domini Impact Equity Fund	**11.09%**	**Domini Impact Intl Equity Fund**	**15.87%**	**Domini Intl Opportunities Fund**	**12.47%**
S&P 500 Index	11.92%	MSCI EAFE Index	15.07%	MSCI EAFE Index	15.07%
Difference	-0.83%	Difference	0.80%	Difference	-2.60%

The 1AB direct deforestation category, defined as both dependency and impact, is composed primarily of Forest and Agricultural Products, Food & Drink Distributors & Retailers, and Household & Personal Products subindustries. These companies are exposed to high deforestation risks and simultaneously have relatively extensive opportunities to contribute to the mitigation of climate change and promotion of biodiversity, among other things, through their daily operations. It is a high-risk, high-opportunity category.

Companies in the Forest & Agricultural Products subindustries are prime examples of industries that depend on business models that can in practice either have a negative or positive impact on climate change and biodiversity. Domini's approach to industries of this sort is to engage when their impact tends toward the negative, with a goal of promoting the positive. We have engaged on key aspects of forest-positive business-model transformation with numerous companies over the years, raising issues of deforestation and regenerative agriculture practices. We are also a member of Nature Action 100 and Finance for Biodiversity, global investor engagement initiatives focused on driving greater corporate ambition and action to reduce nature and biodiversity loss. This approach accounts for the similarity in the percentage of our holdings in these industries to those of our benchmarks.

Classification: 2AB: Indirect Impact and Depend

Linkage:	Indirect Linkage, Impact and Depend
Subindustries:	Hardware & Heavy Industrial Manufacturing, Commodity Chemicals, Automobiles, Airlines & Air Freight, Metal & Glass Containers, Steel, Some Retail
Risk/Opportunity:	Medium risk/medium opportunity

Comparison of risk/opportunity exposure v. benchmark:

FUND / INDEX	2AB	FUND / INDEX	2AB	FUND / INDEX	2AB
Domini Impact Equity Fund	**41.35%**	**Domini Impact Intl Equity Fund**	**18.65%**	**Domini Intl Opportunities Fund**	**31.92%**
S&P 500 Index	33.55%	MSCI EAFE Index	24.43%	MSCI EAFE Index	24.43%
Difference	7.80%	Difference	-5.78%	Difference	7.49%

The 2AB category, defined as substantial but indirect dependency and impact, is composed primarily as industrial and electronic equipment manufacturers; transportation providers (i.e., delivery companies, automobiles and trucking, and airlines); commodity chemicals; metals recyclers and processors; retailers with substantial exposure to forest-risk commodities in their supply chains; and general retailers, including department stores and internet marketing firms.

The unifying factor in this category is that while these subindustries are substantially dependent on deforestation-risk commodities in their supply chains, they are not directly involved in deforestation-risk activities themselves. They do, however, have the ability for positive impact through influence on the activities of their suppliers. This is a medium risk and opportunity category.

Category 2AB accounts for a large percentage of the holdings in Domini's funds. The exposure of our funds to this category diverges substantially from their benchmarks, primarily because companies within and across these industries vary substantially in their individual performance on forest-related as well as other key social and environmental performance indicators.

Classification 3: Macro Linkage via climate change

Linkage:	Macro Linkage
Subindustries:	Information Technology, Media, Healthcare, Specialty Chemicals
Risk/Opportunity:	Low risk, medium opportunity

Comparison of risk/opportunity exposure v. benchmark:

FUND / INDEX	3	FUND / INDEX	3	FUND / INDEX	3
Domini Impact Equity Fund	**21.50%**	**Domini Impact Intl Equity Fund**	**23.09%**	**Domini Intl Opportunities Fund**	**13.25%**
S&P 500 Index	22.25%	MSCI EAFE Index	13.42%	MSCI EAFE Index	13.42%
Difference	-0.75%	Difference	9.67%	Difference	-0.17%

The 3 macro linkage to deforestation category, defined as indirect connection through exposure in their daily operations to climate change and hence to impacts on forests and agricultural lands, is composed primarily of Information Technology, Media, Healthcare, Specialty Chemicals subindustries. The largest contributors to climate change—such as transportation, utilities, and heavy industry—are already captured in the other categories. Therefore, the subindustries classified in category 3 are considered to have low risk-exposure in relation to deforestation and land use change.

For the most part, the companies captured in this macro linkage category do not have major manufacturing operations and limited, but nevertheless important, sourcing of high-impact, forest-risk commodities in their supply chains. For example, information technology software firms provide products that do not require large purchases of metals or fuel but are large consumers of electricity through their data centers. Specialty chemical companies are less dependent on petroleum as a source material than commodity chemical firms.

Despite these subindustries' tangential connection to deforestation, we note that forests and related lands are a system inextricably linked to all aspects of our economy, and no part of the global market will be unaffected by their destruction or severe degradation. If companies in the direct and indirect linkage categories 1 and 2 are negatively impacted, companies in this macro linkage category will be so too.

This tangential relationship to deforestation accounts for the similarity of exposure in two of the three Domini funds. The overexposure in the third Fund is accounted for by different weightings in industry and subindustry allocations rather than application of sustainability standards.

Classification: 4AB

Linkage:	Broad Financial Linkage
Subindustries:	Financial Sector
Risk/Opportunity:	High risk, high opportunity

Comparison of risk/opportunity exposure v. benchmark:

FUND / INDEX	4AB	FUND / INDEX	4AB	FUND / INDEX	4AB
Domini Impact Equity Fund	**11.04%**	**Domini Impact Intl Equity Fund**	**19.26%**	**Domini Intl Opportunities Fund**	**18.65%**
S&P 500 Index	11.66%	MSCI EAFE Index	18.65%	MSCI EAFE Index	18.65%
Difference	-0.62%	Difference	0.61%	Difference	0.00%

The 4AB category, defined as broad financial linkage, is composed primarily of Commercial &Retail Banks, Investment Banks, and Insurance subindustries. Companies in these financial subindustries are exposed to deforestation risks and opportunities through their lending to or financing of forest- and agriculture-related customers and projects and their offering of a variety of climate-related products and services.

Domini's concerns with financial services companies' relationship to deforestation and climate change primarily leads us to engagement with these firms.

Effectiveness

Over the years, Domini has sought to drive positive change, including better management of forests and related lands. We have taken action where we believe we can positively impact these lands and contribute to the management of their systemic risks and opportunities that can impact our portfolios.

In particular, we have worked to reduce deforestation driven by global commodity sourcing practices by companies including ones in our portfolios. Approximately 40 percent of deforestation is carried out to produce "forest risk" commodities like soy, beef, palm oil, pulp and paper products.[8] Additionally, global production of food is responsible for 60 percent of the loss of biodiversity on land.[9] We believe that as responsible investors we help mitigate these risks.

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[8] Global Forest Watch. *Topics: Commodities* Website home page.
[9] Henk Westhoek et al. *Food Systems and Natural Resources* (Nairobi, Kenya: [9] United Nations Environmental International Resource Panel Programme) 2016:14.

Value Creating System

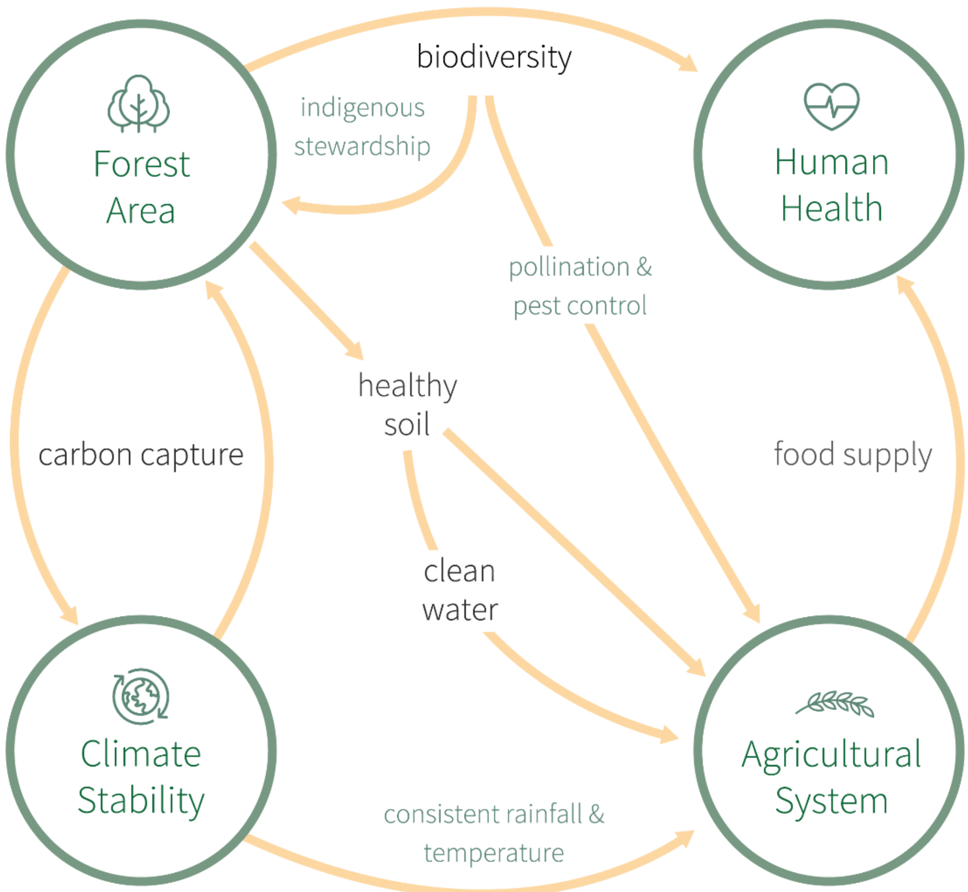

Figure 1. This systems dynamics map illustrates the positive interplays between forests and three other key foundational social and environmental systems upon which investors depend. Forest-positive dynamics can have positive influence on these other three spheres.

Value Destroying System

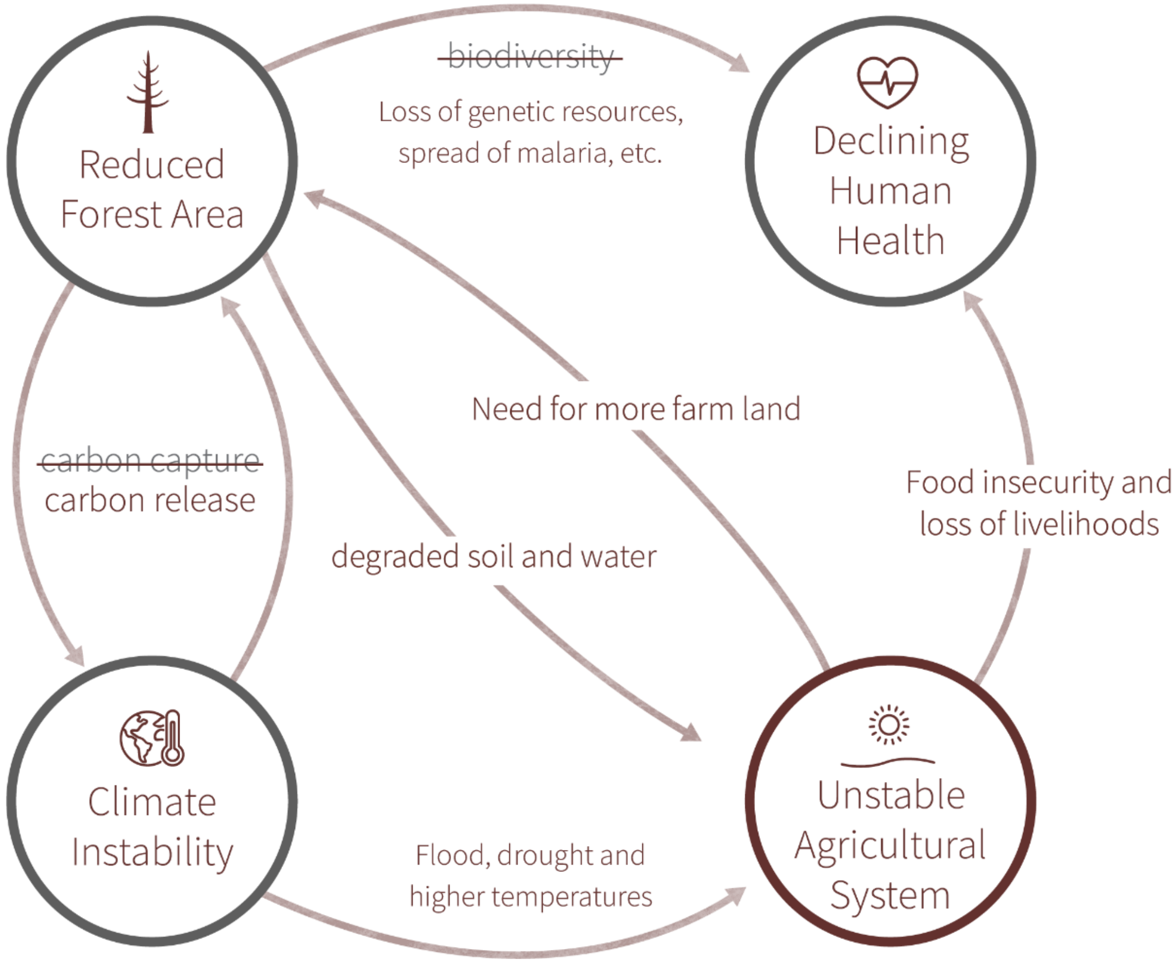

Figure 2. This systems dynamics map illustrates the negative interplays between forests and three other key foundational social and environmental systems upon which investors depend. Forest-negative dynamics can have negative influence on these other three spheres.

Investors and Systems Change

Domini seeks to catalyze a self-reinforcing loop that preserves and creates the long-term value of forests and related lands for our shareholders. *(See Figures 1 and 2.)* Alongside other investors and partners, we have worked toward these goals. To help promote effective change, we support value-creating behavior through interventions including direct action and indirect influence. These include the following:

Direct allocation to value-creating companies along with modelling investor behavior through the application of industry-specific Key Performance Indicators (KPIs) for forests and related lands. For example, for the Forest Products and Pulp & Paper industries we include, among other KPIs, the percentage of land certified to forest-management sustainability standards including FSC (positive) and SFI and PEFC (neutral). We also include KPIs addressing controversies related to procurement policies, including illegal logging and land disputes.

In addition, we publicize the Domini Impact Investment Standards, which reference these and others of our industry specific KPIs. We apply these Standards to investments across all our Funds, along with our financial analyses, in qualifying companies for inclusion in our portfolios. We distribute these Standards through our website, at investment industry events, and in client meetings.

General communications with corporations and investment peers that seek to foster value creation in the forest- and agricultural-products industries. For example, since 2022, we have posted on our website detailed background papers on our Forest Project, including our beliefs, justifications, definitions, goals, themes, and engagements. As such, we share our approach to system-level investment in general in addition to its practical implementation in the Forest Project.

Involvement in policy arenas regarding systemic risks and opportunities for forests and related lands. For example, we participated throughout 2023 in the Investor Policy Dialogue on Deforestation on the Brazil working group, which engaged with Brazilian governmental officials on deforestation and related environmental concerns. In 2021-2023, we also garnered investor support for proposed legislation directing California and New York state governments to give preference to “no-deforestation” and forest-positive purchases. In 2023, we testified in support of the New York State’s proposed legislation, which passed both houses of the Legislature but was subsequently vetoed by the Governor. In 2022, we submitted comments to the U.S. Securities and Exchange Commission concerning proposed climate-risk disclosure requirements that, among other things, relate to forests.

Participation in coalitions of investors and civil society groups to advance industry-wide standards, facilitate knowledge-sharing, and increase impact. For example, in 2022 and 2023, we took a leadership role in the creation of forest-related investor-led organizations. We were a founding member of the forest-related investor-led Nature Action 100 initiative and have served as the vice-chair of Advisory Board of the Finance for Biodiversity Pledge Foundation.

Our Forest Project looks for leverage points at which it can exercise positive influence at a system level. Interventions such as these can create positive change.

Uncertainty

Investors' management of their portfolios' risks and rewards inevitably takes place in an uncertain world and unpredictable future. This is true both for conventional portfolio managers and for those who wish to incorporate a system-level approach.

The uncertainties encountered when investors choose to act at system level, however, are more profound and irreducible than those that the conventional investor of today takes into account. To manage portfolio risks, conventional investors pay particular attention to uncertainties that can be reduced to probabilities. For example, it is impossible to know with certainty whether stocks will outperform bonds in coming years. But most investors most of the time are comfortable assuming that stocks are likely to do so. This reliance on probable outcomes is based on the historical performance of financial markets and is generally a helpful guide.

A system-level investor, however, confronts uncertainties to which no reasonably reliable probability can be assigned. Take, for example, a single aspect of climate change: the probable economic and societal impacts of rising sea levels, Science can help establish a range of the probable magnitude sea-level rise and to a certain extent its timing. Far less reducible to probabilistic forecasts are the social and economic impacts that this rise will entail. How much of what kind of migration will it trigger? When? From where and to where? With what kind and extent of political and economic ramifications? These are outcomes to which investors would like to attach probabilities; what they are, however, would be little more than guesswork.

The irreducibility of these uncertainties should not come as a surprise. The climate changes that the world is now facing are without precedent for our civilization. Without historical precedents, calculation of probabilities is in effect impossible. Moreover, the the timing and nature of the political and social consequences stemming from these rises in sea levels are simply too complex to predict. These are uncertainties of a profound sorts and cannot be reasonably reduced by assigning probabilities.

How then does an investor act when faced with a systemic challenge such as climate change or biodiversity loss? The temptation is to assume that, since probability fails as a risk-reduction tool, the best role would be "no role at all." Non-probabilistic guesswork, it can be argued, is not a solid foundation on which to build an investment program.

Another approach to contending with profoundly uncertain futures is the well-established practice of scenario analysis. This has long been used by the military to contend with "the fog of war." It is also frequently used by government social and environmental agencies in their long-term planning. Scenario analysis can help prepare for the future when probabilities lose their hold. One approach to scenario analysis posits futures that may be better than, worse than, or simply much the same as the present. These "alternative futures" are not forecasts of probability, but possibilities to be contemplated and planned for. They allow investors to explore a range of potential actions tailored to a broad range of eventualities.

Whether one is more likely to occur than another and therefore should be adopted is not the desired outcome of this exercise. Its purpose, rather to keep open a range of options across a range of conceivable futures: they can prepare for several scenarios at the same time; maintain a flexibility of mindset that allows for the unpredictable, rather than fixating on a single outcome deemed likely;

facilitate changing course as contexts change; or enable the contemplation of actions that would have seemed otherwise out-of-bounds.[10]

This sort of mindset—one that plans for alternative futures and allows for changes in goals and approaches as contexts change—can be useful when probabilistic approaches fall short and investors are confronted with systemic challenges. For this reason, Taskforce on Climate-related Financial Disclosures and the subsequent Taskforce on Nature-related Financial Disclosures recommend that investors use scenario analysis when confronting these systemic risks.

In *When More Is Not* Better, Roger Martin argues against specific goal-setting when planning for the future of a complex system. He cautions against setting a firm endpoint of imagined static perfection but advocates rather "tweaking [the system] on an incremental basis. . . [T]here are no perfect answers, or even perfect directions. There are just better and worse ones in the moment." To his way of thinking, "Better and worse vectors can be reasonably chosen. But perfection is an unrealistic direct goal. . . ."[11]

At Domini we believe that the challenges currently faced by the tropical and boreal forests and related agricultural lands around the world, with their accompanying implications for climate change, biodiversity loss, food security, and the viability of arable lands are of a scope and complexity that entail irreducible uncertainties that justify their consideration as a systemic risk and will help us manage for a profoundly uncertain future.

[10] For a thorough exploration of this approach to scenario analysis see Peter Schwartz "The Art of the Long View: Planning for the Future in an Uncertain World" 1996.

[11] Roger Martin. *When More Is Not Better: Overcoming America's Obsession with Economic Efficiency* (Cambridge, Mass: Harvard Business Review Press) 2020:105.

Before investing, consider each Fund's investment objectives, risks, charges and expenses. Contact us at 1.800.582.6757 for a prospectus containing this and other important information. Read it carefully.

An investment in the Domini Funds is not a bank deposit and is not insured. Investing involves risk, including possible loss of principal. The market value of Fund investments will fluctuate. The Domini Impact Equity Fund is subject to certain risks including impact investing, portfolio management, information, market, mid- to large cap companies', and small-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, mid- to large-cap companies' and small-cap companies' risks. The Domini Impact International Equity Fund is subject to certain risks including foreign investing and emerging markets, geographic focus, country, currency, impact investing, portfolio management, and quantitative investment approach 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, 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 a Fund's exposure to certain issuers, industries, sectors, regions, and countries and may impact the relative financial performance of a 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. A Fund may forego some investment opportunities including investments in certain market sectors that are available to funds that do not consider environmental and social factors in their investment selections. 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.

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