Domini
Investing for Good®

Domini Funds Impact Update
Fourth Quarter 2024

Persistence and Progress

2024 was officially the warmest year on record and the first year that the global average temperature rose more than 1.5°C above the pre-industrial average, the target set by the Paris Agreement to mitigate the most severe impacts of climate change. It is more critical now than ever that companies continue to step up their climate ambition and that investors continue to step up their advocacy. Protecting our climate and ecosystems is critical to society, as well as our economy and financial markets.

While there is much work to be done, there are also signs of progress. At COP16 in Colombia, we saw momentum building among a wide range of actors to help reverse nature and biodiversity loss. In our dialogues with banks, we see them increasingly working with clients to provide funding for decarbonization and transition strategies. And across our portfolios, we see companies continue to enhance their leadership diversity, which will put them in a better position to respond to climate-related risks and opportunities.

In this update, we focus on some of our recent engagements with companies on nature and climate goals and highlight some commendable corporate initiatives and commitments. We also share why we do not consider nuclear power a sustainable alternative to fossil fuels, discuss a recent dialogue with Fannie Mae on climate-related risks and resilience in the housing market, and spotlight progress on gender diversity in Japan.

As impact investors, we know collaboration and persistence are key to enhancing corporate accountability and driving progress. By working together, we can foster innovation and resilience and build a more sustainable and inclusive future—one in which economic growth goes hand in hand with ecological sustainability and universal human dignity.

In this edition

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Fourth Quarter Engagement Overview

Domini meets with company executives to encourage stronger policies and practices on the issues that matter to our Funds' shareholders. In alignment with our Impact Investment Standards, we seek enhanced disclosures and more responsible business practices, and we aim to address emerging issues with companies. Through constructive dialogue, shareholder proposals, and proxy voting, we communicate our expectations to companies, and promote universal values of fairness, equality, justice, and respect for human rights, while contributing to ecological sustainability and climate resilience. We do this work seeking positive impacts for people, planet, and profit. Read more at **domini.com/engagement**

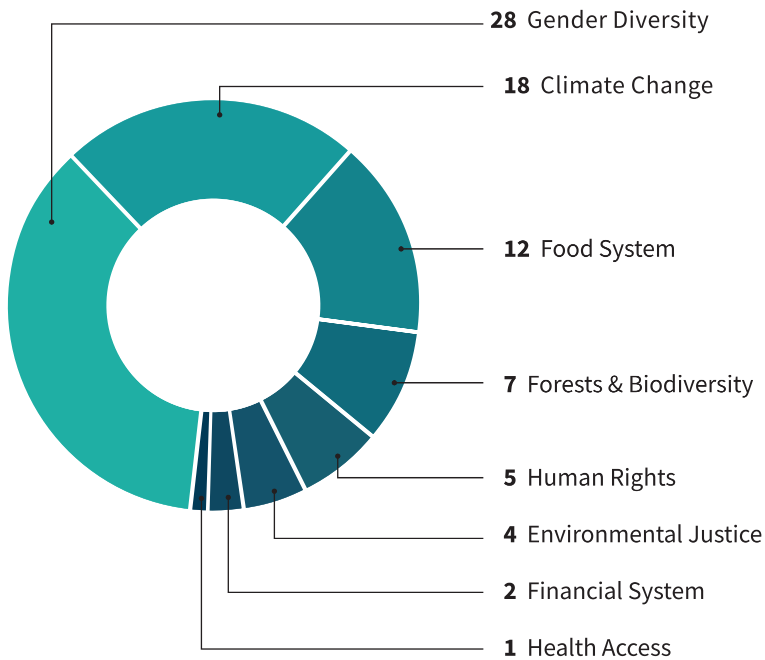
Engagement Reach

77 **Total engagements***

- **23** Unique U.S. Companies
- **36** Unique Non-U.S. Companies

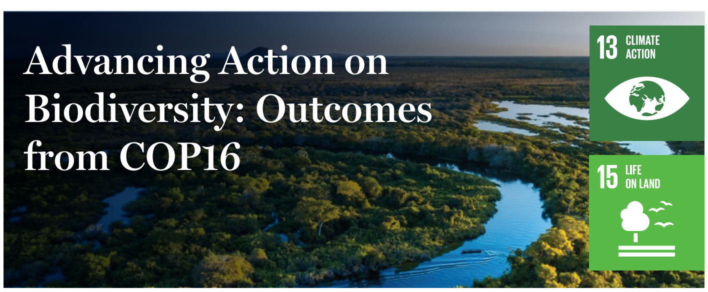
16 Number of engagements incorporating a racial justice lens

Engagements by Theme



* Includes engagements with non-corporate entities and multiple engagements with individual companies.

Advancing Action on Biodiversity: Outcomes from COP16



The 2024 United Nations Biodiversity Conference (COP16) took place this quarter in Cali, Colombia, where representatives from over 190 countries were joined by Indigenous, business, and investor leaders to advance the goals of the Global Biodiversity Framework to halt the unprecedented loss of nature. While an agreement was not reached on the key challenge of how to mobilize resources for implementation of the Framework, which targets $200 billion annually, there were several positive and meaningful outcomes, including countries submitting their biodiversity targets and action plans, formalization of the role of Indigenous Peoples in the nature negotiation process, and the establishment of the 'Cali Fund.' Companies that benefit from the use of natural genetic resources, such as pharmaceutical companies, will be encouraged to pay into this fund, and these fees will be shared equitably with communities and Indigenous Peoples so they can also benefit from the products developed using these resources.

We continue to meet with companies in the Domini Funds, including **Sysco**, **General Mills**, and **Merck**, on their nature strategies. In these engagements, we have leveraged a recent benchmark published by Nature Action 100, which assesses companies' nature commitments, actions, and disclosures on a comprehensive set of indicators aligned with best practices and existing nature frameworks and science.[1] The benchmark provides companies guidance on how to focus their efforts while providing investors a baseline for assessment. The findings illustrate just how much work there is to be done by the private sector to reduce its negative impact on nature. For example, 47 out of 100 companies disclose targets to avoid or reduce their impact on nature, 37 of which also disclose strategies for achieving those goals. However, none of the companies disclose evidence that their targets are based on a rigorous assessment of material nature-related dependencies, impacts, risks, and opportunities, which is critical for the credibility and effectiveness of these targets. Moreover, only 16 of the companies disclose public commitments to respect

Continued on next page

the rights of Indigenous Peoples and local communities, which is essential to a rights-based approach given how localized nature impacts are and how corporate action may impact the rights, land tenure, or resources of Indigenous Peoples.

In light of these findings, a core focus for our ongoing engagements will be on encouraging companies to conduct biodiversity assessments. Assessments are critical for companies to develop strategic plans and make capital allocation decisions that reflect their most material nature-related risks. They also provide opportunities to build organizational resilience and protect long-term financial stability through targeted, cost-effective actions that generate significant benefits for nature.

Investment Highlight: Domini International Opportunities Fund and Domini Impact International Equity Fund

Kering S.A. is a French luxury goods conglomerate that houses brands such as Gucci and Saint Laurent. Kering's biodiversity strategy recognizes how any degradation of ecosystems can affect its global supply chain. Some of its initiatives include support for conservation programs, the development of rigorous standards for the sourcing of raw materials, and consideration of animal welfare in the manufacturing process. Kering aims to have positive systemic impacts through the development of projects that can be replicated by others in the industry. For example, it has committed to restoring and regenerating a million hectares of its supply chain and to protect one million hectares of critical habitat by 2025.

1. https://www.natureaction100.org/media/2024/10/Nature-Action-100-Benchmark-Key-Findings.pdf

Engaging Banks on Climate Ambition

Banks can advance their climate goals through improvement in the energy efficiency of their operations, such as powering branches with renewable energy, but their most significant climate impacts come from their lending and financing activities. Many banks have been busy calculating and evaluating their financed emissions, and once they have done so, they will be better-positioned to set targets to reduce financed emissions and develop strategies to engage with their clients. We recognize the important role banks play in providing access to capital and financial services, so we are not looking for banks to entirely cut off sectors from access capital. However, it is critical that they work with their clients in high-emitting sectors like fossil fuels and utilities to determine how they can make the climate transition, which we believe is necessary for their long-term success.

In engagements with large banks, including **Citigroup** and **Bank of America**, which are more advanced in this effort, we have inquired about their clients' alignment with their net-zero goals, sector-level targets and strategies, and the levers they have to engage clients and incentivize and support their progress. With regional banks, such as **Truist Financial**, **M&T Bank**, and **U.S. Bancorp**, we have focused on their current status on the pathway toward net zero. We recognize that regional banks are an important part of local economies. They can provide capital or favorable financing to increase clean energy investments and can advise clients on their transition strategies.

In our meetings with these banks, we urge them to set emissions-reduction targets and clarify how they are working with their clients on climate ambition. The climate transition may be unpredictable in some ways—for example, technologies becoming available and affordable more quickly or slowly than anticipated. There may also be unforeseen challenges to decarbonization or unexpected new demands for energy, as is currently happening with data centers. While we are not asking companies to predict all these future possibilities, we are asking them to evaluate what the various scenarios might look like and how they will maintain their ambition and commitments to address climate change as they navigate them. We encourage companies to publish climate transition plans that outline the strategies, goals, and processes they will use to bring their businesses in line and to foster resilience and confidence throughout the low-carbon transition.

Investment Highlight: Domini Impact Equity Fund and Domini Impact Bond Fund

Citigroup is a multinational investment bank and financial services company. In March 2021, Citi announced its net-zero commitment, pledging to reach zero greenhouse gas emissions by 2050. The company is working with its clients, helping them to decarbonize and implement climate transition strategies. This includes assisting clients as they evaluate the carbon intensity of their assets and helping them navigate the decision process around retiring assets.

Advocacy and Progress for Diversity in Corporate Leadership

There are many reasons that Domini advocates for representation of women on corporate boards and executive management teams. Gender diversity is important for achieving global equality and development and can be a driver of sustainable business growth and innovation. Women are also well-positioned to help companies mitigate the systemic risks of climate change, with recent analysis showing that higher representation of women in senior management and corporate boardroom leads to stronger engagement on climate risks and opportunities, translating to meaningful decarbonization results, which we believe helps lead to better long-term positioning and financial results.[2]

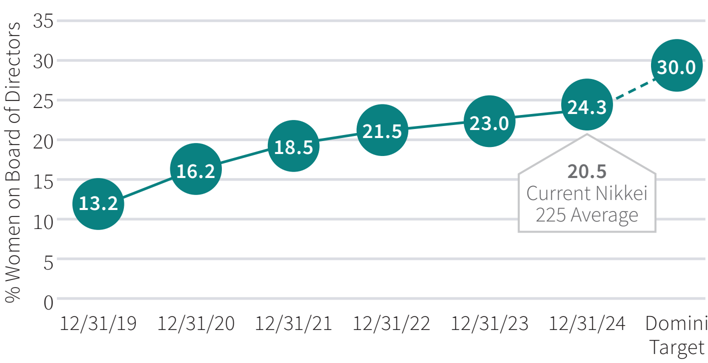
While there has been progress in increasing gender representation on boards, almost tripling globally to 26% in 2023 from 9% in 2009, companies in Japan continue to lag. Only 19% of board seats in Japan are held by women, and only 9% of firms have at least 30% representation of women on their boards.[3] At the same time, we note that there has been improvement overall. We analyzed gender diversity on the boards of 16 Japanese companies held by the Domini Impact International Equity Fund over the last five years and found steady improvement in the representation of women over that time, with the average improving from 13.2% at the end of 2019 to 24.3% as of the end of 2024. This exceeded the average among Nikkei 225 companies, which was at 20.5% as of the end of 2024. 75% of the companies we analyzed have increased the gender diversity of their boards since 2019, and out of four companies that had no women directors in 2019, all of them now have at least one.

While this is a very small sample of results, we are nonetheless pleased to observe this improvement. Still, we continue to push for more progress. We recently wrote to 27 Japanese companies that had less than 20% representation of women on their boards to communicate that, in 2024, the Domini Funds voted against all of their board nominees due to their failure to have adequate representation of women.

In our letters, we asked companies to demonstrate their long-term commitment to gender equality through a comprehensive set of actions, including:

- Adopt practices to treat all women and men fairly at work without discrimination, including around pay equity, promotion, and retention;
- Conduct programs to cultivate and support the advancement of women into leadership positions, such as formal mentorship programs and employee resource groups;
- Foster collaboration and advocacy across the business community in support of gender equality;
- Provide training for all employees on gender equality; and
- Shift cultural norms on women's leadership, including around implicit bias and the perception of women and men in the workplace.

Average Gender Diversity of Boards for 16 Japanese Companies Held Over the Last 5 Years*



*Includes all Japanese companies held by the Domini Impact International Equity Fund as of both 12/31/19 and 12/31/24. Companies were not necessarily held for the entire period. The composition of the Fund's portfolio is subject to change.

Investment Highlight: Domini Impact Equity Fund and Domini Sustainable Solutions Fund

When Domini evaluates companies on diversity, we look for comprehensive programs that help to elevate historically marginalized groups in leadership positions. **Palo Alto Networks**, a global leader in cybersecurity, stands out for its demonstrated leadership and commitment to diversity and inclusion in the technology sector. Through education and strategic partnerships, Palo Alto has implemented programs to expand career pathways for women and underrepresented racial and ethnic groups. Its recruiting strategy focuses on attracting candidates with diverse backgrounds and expertise, and since 2021, 37% of the company's external hires for director roles in the U.S. qualified as underrepresented talent. The company also has strong diversity at the highest levels, including a diverse CEO and Chairman and a majority of gender and/or racially diverse individuals on its board of directors.

2. IFC, Gender-Responsive Climate Governance and the Role of Women Leaders (2024)
3. IFC and UN SSE, Gender equality in corporate leadership: Market Monitor G20 and Regional analysis 2024

Addressing Climate-Related Risks in Housing

Safe and affordable housing faces significant physical threats from climate change, demonstrated by the recent floods and tragic storms across the Southeastern U.S. and the wildfires that have ravaged the West Coast. Almost half of the homes in the U.S. face the risk of severe or extreme damage from weather events.[4] This will impact the affordability of housing, as the cost of insurance premiums in some locations increases, while locations facing the most severe threats of physical climate change, like floods or fires, will become uninsurable, making it nearly impossible to secure a mortgage.[5]

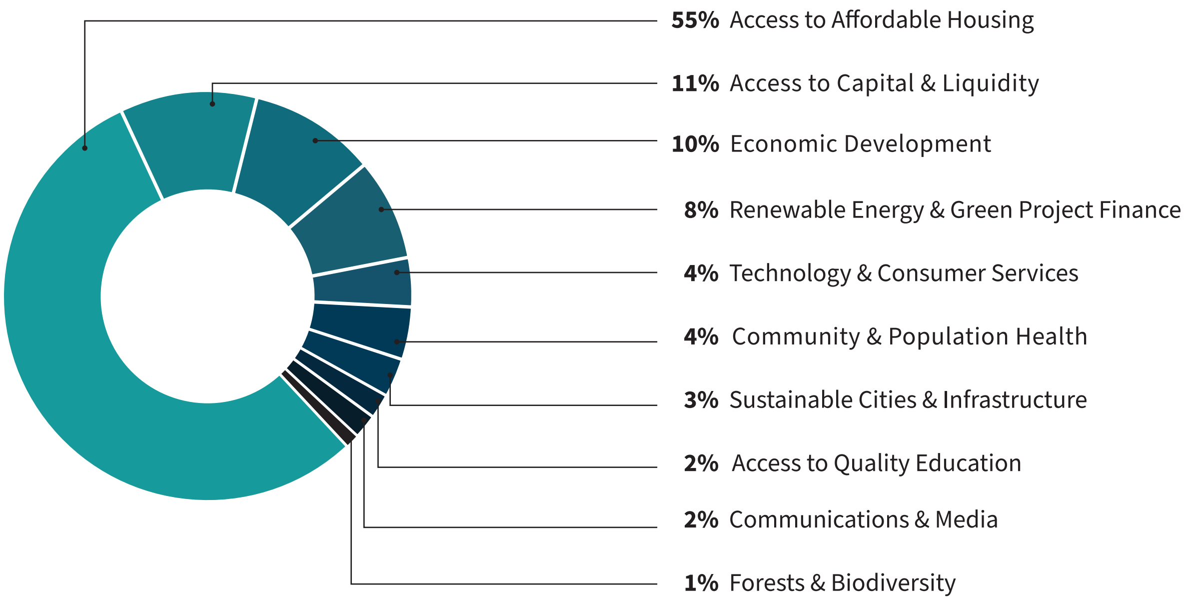
In a recent engagement we had with **Fannie Mae**, we discussed its latest climate data tools and evaluations and how it is working across the system to make information available, accessible and useable. As the largest underwriter of financing for housing, Fannie Mae plays an especially important role in this area. First, it is working to evaluate climate-related risks and resilience. This requires gathering property-level data and developing a framework to put that data into practice to glean useful analysis for models across different weather patterns and to evaluate demographic impacts. Over the long term, as this work progresses, it could be integrated into property-level decisions. In addition, Fannie Mae is collaborating deeply across the sector and working to educate homeowners. It is seeking to increase property resilience and efficiency and to build understanding of what climate risk might mean for homeowners over the short-to-long term, including how it might impact the costs of housing and insurance.

4. https://www.realtor.com/research/climate-risk-2024/
5. https://www.nytimes.com/interactive/2024/12/18/climate/insurance-non-renewal-climate-crisis.html

Investment Highlight: Domini Impact Bond Fund

The Federal National Mortgage Association (FNMA), more commonly known as Fannie Mae, is a government-sponsored enterprise dedicated to providing liquidity, stability, and affordability to the U.S. housing market. Fannie Mae is committed to making housing more affordable, while also centering equity and addressing historical gaps in home ownership. It also has programs designed to help financially struggling homeowners stay in their homes or otherwise avoid foreclosure. These efforts play an important role in stabilizing neighborhoods, supporting affordable home prices, and promoting a healthy housing market. The Domini Impact Bond Fund maintains a substantial, long-term commitment to investing in Fannie Mae's debt obligations, as well as its mortgage-backed securities (MBS). These bonds, which pool together residential mortgages, offer investors an opportunity to help finance affordable housing and community development by increasing liquidity in the housing market.

The Domini Impact Bond Fund: Impact Theme Allocations



* Based on portfolio holdings as of 12/31/2024, excluding cash & cash equivalents, cash offsets, futures, swaps and options with the exception of short-term U.S. Agency bonds, which are reflected in this reporting. Numbers may not sum to 100% due to rounding. The composition of the Fund's portfolio is subject to change. Visit domini.com to view the most a list of the Fund's holdings.

Domini's Perspective on Nuclear Power

By Lionella Pezza, Director of Impact Research

At Domini, we have never invested in nuclear power. This exclusionary standard reflects our concerns not only about the risk of nuclear weapons proliferation, but also about the significant risks that large-scale nuclear power plants present to human health and safety, as well as to the natural environment.

Although some consider nuclear power a safe and clean alternative to fossil fuels, there remain major challenges in the areas of safety, transparency, environmental justice, storage, and full lifecycle costs. Advocates often compare investments in nuclear power with renewables and point to its relative cost efficiency. However, these estimates rarely reflect the costs associated with 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 life cycle, which includes uranium mining; cement, steel, and other materials required to build the plants; and the storage of nuclear waste.

There are claims that small-scale fission reactors, which typically have a power capacity of less than 300 MW(e), can solve cost and safety concerns, but there is not yet sufficient evidence to support these claims. Development of small-scale fission plants is well advanced, but widespread licensing and commercial viability has yet to be tested. It is not yet clear whether the problems with disposal of radioactive waste can be fully addressed or whether a world in which corporations own and operate small-scale nuclear reactors will contribute to the dangers of nuclear weapons proliferation.

In addition, the vulnerability of nuclear power plants to climate-related physical risks, such as flooding or fires, makes them inherently dangerous. Loss of electricity and lack of access to water can cause catastrophic accidents. Climate change poses a very serious threat to the safety of nuclear plants and exacerbates the associated risks. Current rising temperatures and related extreme-weather events will only increase these risks in the future. According to the World Nuclear Association, it is estimated that about 20% of global nuclear power plants are in earthquake-prone areas. Solar power plants, by comparison, may also be affected by similar climate events, but they pose no major safety risks beyond blackouts. The siting of nuclear facilities near low-income and communities of color can also disproportionately burden these communities with long-term environmental and safety risks associated with hazardous waste or accidents, presenting important environmental justice considerations.

For these reasons, we maintain that nuclear power is not a viable pathway forward and that the transition to renewable energy is critical. We encourage companies in the Domini Funds' portfolios to decarbonize, focusing on climate-transition strategies and Paris-aligned 1.5°C and net-zero targets. We expect companies to align their business strategies, including AI-related capital expenditures and related energy demand, with these targets. We are committed to engaging with portfolio companies that have not committed to such targets and with companies that have not followed up on such commitments.

Domini News

Domini Receives High Scores in 2024 PRI Assessment

Principles for Responsible Investment (PRI) is an independent organization backed by the United Nations that is dedicated to the promotion of responsible investing. Domini was a founding PRI signatory in 2006, and today there are over 5,000 global signatories. Each year, all signatories are invited to participate in a reporting project designed to measure how effective they are at implementing responsible investment practices. This quarter, PRI released the results of its 2024 assessment, and we are proud to share that we again scored well-above the median in all reporting modules.

We received scores of five stars in six out of seven modules, including a perfect score in the "confidence-building measures" module, which underscores our commitment to transparency and credibility. Our expertise in integrating environmental and social criteria into the Domini Fund's impact research and risk management processes drove high scores of 94% across all listed equity and fixed income modules. A score of 88% in the "policy governance and strategy" module was backed by the depth and breadth of our impact investment policies, resources, standards, and engagement practices. As industry standards continue to evolve, the assessment also highlighted opportunities to deepen our work, particularly around climate risk assessment and disclosure, an area in which we intend to focus over the next year. Learn more and read our full assessment report at **domini.com/pri**

Empowering Women Investors: Recent & Upcoming Events

Today, women are estimated to control about a third of total U.S. household financial assets, representing nearly $11 trillion, and this number is expected to grow rapidly over the next three to five years, reaching $30 trillion by the end of the decade. As a women-led asset manager, Domini is proud to empower women to invest for good. This past quarter, we were thrilled to host a networking and reflection event for women investors in partnership with **Invest for Better**, and we were proud to sponsor of *InvestmentNews*' **Women Advisor Summit**, which brought together and celebrated women in the wealth management industry.

We are also excited to sponsor some upcoming events, including a two-part webinar series, **Women & Wealth**, hosted by *Equities.com*. Domini CEO Carole Laible, who was recently named an Excellence Awardee by *InvestmentNews* at their Women to Watch Awards, will be participating in the first of this series on January 23, providing insights into how women can align their financial goals with their values. We also invite financial advisors to join us at *Financial Advisor* magazine's 10th Annual **Invest in Women** conference, which will be held in Boston on April 21-23. Visit **domini.com** to learn more about and register for these exciting events.

Spreading Impact Through Community

This December, we kicked off the holiday season by connecting with local climate advocates in our community at *Sip & Shop: A Sustainable Holiday Market*. This impactful event was organized by **Zero Waste NYC**, which regularly hosts sustainability-focused workshops around New York City that provide resources to help people adopt a low-waste lifestyle and actively fight climate change. Attendees had the opportunity to shop local, low-waste vendors while enjoying delicious food and drink and meeting up with other eco-minded neighbors. Domini's Director of Impact Research, Lionella Pezza, was also on hand to share with the Zero Waste NYC community how their investment portfolios can be a powerful part of their mission.

Sustainable Development Goals

In the eight years since United Nations member states adopted the 2030 Agenda for Sustainable Development, the Sustainable Development Goals (SDGs) have been widely embraced by governments, civil society organizations, companies, and investors. The SDGs aim to address broad global topics such as poverty eradication, food security, protection of forests, sustainable cities and economic growth, gender equality, and climate change. Engagement highlights in this report are flagged with SDGs they are helping support. **Learn more at domini.com/sdg**

Before investing, consider each Fund's investment objectives, risks, charges and expenses. Contact us 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.

As of 12/31/24, these securities represented the following percentages of the Domini Impact Equity Fund's portfolio: Bank of America Corp. (0.90%); Citigroup Inc. (0.39%); General Mills, Inc. (0.11%); M&T Bank Corp. (0.14%); Merck & Co. Inc. (0.74%); Palo Alto Networks, Inc. (0.53%); Sysco Corp. (0.11%); Truist Financial Corp. (0.17%); and US Bancorp (0.22%). These securities represented the following percentages of the Domini International Opportunities Fund's portfolio: General Mills, Inc. (0.43%) and Kering S.A. (0.21%). This security represented the following percentage of the Domini Sustainable Solutions Fund's portfolio: Palo Alto Networks, Inc. (3.99%). This security represented the following percentage of the Domini Impact International Equity Fund's portfolio: Kering S.A. (<0.01%). These issuers/borrowers represented the following percentages of the Domini Impact Bond Fund's portfolio: Bank of America Corp. (0.21%); Citigroup Inc. (0.44%); Fannie Mae Agency Obligations (5.07%); and Fannie Mae Mortgage-Backed Securities (15.59%). The composition of each Fund's portfolio is subject to change.

PRI Assessment Methodology: PRI assessment scores are based on information reported directly by PRI signatories. All signatories are eligible to participate and those reporting must complete a survey response. The PRI's 2024 Reporting Framework includes indicator (question)-level and module-level assessments. Each module includes a variety of indicators that address specific topics related to the signatory's responsible investment activities. 'Core' indicators, which are mandatory, are assessed, while 'plus' indicators, which are voluntary, are not assessed. Each 'core' indicator receives a score from 0 to 100 points, and a multiplier is applied to its score based on its relative importance with respect to responsible investment practices and/or the PRI's overall mission. Module scores are based on the total number of indicator points after multipliers have been applied. The number of stars signatories are allocated per module depends on the percentage score they achieve. There is no overall organization score. Results are compiled into an Assessment Report. PRI signatories pay a fee to be a member of the PRI, and the assessment scores are only made available to signatories. Domini's assessment scores referenced herein do not reflect the experiences of any Domini client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Scores are not indicative of the past or future performance of any Domini product or service. Moreover, the underlying survey responses upon which assessment scores are based have not been audited by the PRI or any other party acting on its behalf. While every effort has been made to produce a fair representation of the assessment and its results, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for damage caused by use of or reliance on the information contained herein. Information about the PRI's assessment and scoring methodology is sourced entirely from the PRI, and Domini makes no representations, warranties or opinions based on that information.

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