



SECOND QUARTER 2008

New and Continuing Dialogues:

During the second quarter, we met with 27 companies including the following:

- **American Airlines, Baxter, and Dell** (sustainability reporting)
- **Apple, Walt Disney, and Xerox** (global labor standards)
- **Bank of America** (coal and the environment)
- **Cummins** (union relations)
- **Johnson Controls** (lead emissions)
- **Johnson & Johnson** (product safety and nanomaterials)
- **Kimberly-Clark** (sustainable forestry)
- **Procter & Gamble** (Fair Trade coffee, sustainable forestry, and other issues)
- **Wartsila** (Darfur)

Domini was the lead filer on the following shareholder resolutions that came to a vote during the 2008 proxy season.

AT&T <i>political contributions</i>	32%
Becton Dickinson <i>product safety</i>	36.1%
Cummins <i>union relations</i>	16.4%
International Paper <i>sustainable forestry</i>	5.34%
RR Donnelley <i>sustainable forestry</i>	5.86%
Xerox <i>global labor standards</i>	7.1%

Toyota, Burma, and the Power of Research In December 2006, Domini extended its reach to the rapidly developing Asia-Pacific region with two new funds. Our goal in launching these funds was twofold: to offer new investment opportunities to our shareholders, and to bring a new voice to the global dialogue on issues like climate change, working conditions, and diversity.

Why is it important to apply social and environmental standards to a portfolio? What difference can it make? When investors use social and environmental standards to evaluate companies, these standards can become a benchmark for companies to aspire to. The following story illustrates how, with a little persistence and persuasion, our concerns can become their concerns.

Shin Furuya, Domini's lead research analyst for the Asia-Pacific region, is a native Japanese speaker who has spent years immersed in the social and environmental issues affecting Asian companies. Earlier in his career, Shin served as a coordinator for Amnesty International Japan.

While researching **Toyota Motor**, Shin uncovered a connection to the brutal military dictatorship of Burma (known as "Myanmar" by the current regime). To find this information, Shin untangled a complicated web of cross-ownership to get to a company called **Toyota Tsusho**. Toyota Tsusho is involved in a joint auto manufacturing venture with the current regime and has several materials and commodities trading and chemicals subsidiaries in Burma. Toyota Motor owns more than 20% of Toyota Tsusho, is Toyota Tsusho's biggest customer, and has several representatives on the board of directors. A former executive of Toyota Motor currently serves as Toyota Tsusho's CEO. Although Toyota is known for its hybrid Prius vehicle, these concerns contributed to our decision to exclude the company from our funds.

We shared our findings with others, and were soon joined in our efforts by organizations including Trillium Asset Management. Last year at a meeting of the Japan Society, Shin and a Trillium representative hand-delivered a letter¹ to the chairman of Toyota Motor, asking whether it is possible for Toyota to maintain a material interest in Toyota Tsusho without supporting the military regime and its abuses of human rights. Initially, the company said it did not control its trading partner, and was not responsible for its actions. But recent discussions with a senior executive at Toyota indicate a shift in the company's thinking. The company now tells us that it shares our concerns, and is raising these questions at the highest levels of Toyota Tsusho. The company has agreed to keep us informed on the status of these internal discussions — discussions that began with our research department.

Domini's research is helping to set new standards for corporate behavior. This research is driven by your decision to apply social and environmental standards to your investments. That personal decision is having ripple effects around the world.

Asking Questions About Climate Change

In 2002, Domini became a founding signatory to the Carbon Disclosure Project (CDP), asking companies to disclose their greenhouse gas emissions and their activities to curtail emissions. During the second quarter, Domini sent letters to 293 companies that had not responded to the CDP's sixth annual survey. Each of these companies has been approved for the portfolio of one or more of the Domini Funds.

Twenty-five companies have responded so far and 11 have indicated that they will complete the survey, including **Gap**, **National Semiconductor**, and **National Bank of Greece**. Visit the Carbon Disclosure Project at www.cdproject.net.

¹This letter is posted to the website of the Business and Human Rights Resource Centre (www.business-humanrights.org) at www.reports-and-materials.org/Trillium-Domini-ltr-to-Toyota-re-Burma-14-Nov-2007.

2007 Highlights

ANNUAL ADVOCACY STATISTICS

Action	2006	2007
Resolutions Filed	16	22
Additional Dialogues	35	34
Additional Companies Contacted	211	197
TOTAL	262	253



Domini Social Investments was among the winners of *Fast Company* magazine's fifth annual Social Capitalist Award, in the first year that for-profit companies were eligible for selection.

These awards recognize organizations and companies that use the tools of business to solve the world's most pressing social problems. (Winners were featured in the December/January 2008 issue of *Fast Company*, with expanded online coverage at www.fastcompany.com.)

As a shareholder in the Domini Funds, you make a difference in the world. Listed below are some of the ways that you made a difference in 2007. To read our quarterly Social Impact Updates and find out more about the shareholder advocacy efforts we conduct on your behalf, visit the Shareholder Activism section of our website, www.domini.com.

Sustainable Forestry: After two years of filing resolutions and engaging in dialogue with Kimberly-Clark over its forestry practices, in the second quarter of 2007 the company issued a new policy expressing preference for fiber certified by the Forest Stewardship Council. This sends an important signal to the marketplace from a very significant purchaser of wood fiber.

Rights for Shareholders: Domini took an active role in opposing ideas advanced by the Securities and Exchange Commission (SEC) that could have restricted or eliminated the right of shareholders to file non-binding resolutions. Our two Action Alerts on the subject generated more than 2,000 responses. Domini also submitted three comment letters, including one submitted on behalf of 47 institutional investors and service providers from ten countries — all signatories of the United Nations Principles for Responsible Investment — representing approximately \$1.4 trillion under management. Ultimately, the SEC decided — at least for now — to continue allowing shareholders to place important social, environmental, and governance issues onto corporate proxy ballots.

First Shareholder Resolution in Europe: Together with trade unions and employees of the British transportation company FirstGroup, Domini co-filed its first shareholder resolution in Europe. The resolution addressed allegations of anti-union activity at FirstGroup's U.S. schoolbus subsidiary, First Student. Domini's participation was critical in allowing the unions to meet the onerous British filing requirements.

Rights for Coffee Farmers: Despite its generally positive social and environmental record, Starbucks refused for more than a year to acknowledge the Ethiopian government's ownership of the valuable naming rights for its prime coffee-growing regions: Yirgacheffe, Sidamo, and Harar. Domini engaged with Starbucks on this issue, beginning in August 2006, and helped enable representatives of Oxfam and Ethiopian coffee farmers to ask questions at Starbucks' annual meeting. We were pleased that Starbucks agreed to sign a licensing agreement acknowledging Ethiopia's right to the names. According to Oxfam, this agreement will improve the lives of poor farmers by helping them capture a greater part of the retail price of the coffee they grow.

ABOUT DOMINI SOCIAL INVESTMENTS Domini Social Investments manages more than \$1.2 billion in assets for individual and institutional mutual fund investors who wish to create positive change in society by integrating social and environmental standards into their investment decisions. Visit www.domini.com or call 1-800-762-6814 to find out more.

The Domini Funds are subject to market risks and is not insured. You may lose money. This information is provided for educational purposes only, and should not be considered investment advice with respect to any of the holdings listed. The Funds' portfolio is subject to change.

You should consider the Domini Funds' investment objectives, risks, charges, and expenses carefully before investing. Obtain a copy of the Funds' current prospectus for complete information on these and other topics, by calling 1-800-582-6757 or online at www.domini.com. Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 08/08

YOUR DOLLARS AT WORK FOR CHANGE

Domini can help you bring about positive change in three ways: by applying social and environmental standards to our holdings, by engaging the companies we invest in, and by directing capital to communities where the need is greatest.

By creating and applying standards of corporate behavior, we encourage transparency, spur demand for more information, and reshape the way the world thinks about corporations and their role in our lives.

By writing letters, meeting directly with corporate management, filing shareholder resolutions, and actively voting our proxies, we make the voices of our shareholders heard on a wide range of issues.

And by investing in underserved communities, we help low-income people buy homes, start businesses, and revitalize their neighborhoods. Domini also speaks out on public policy issues where we believe we can bring a unique perspective as a socially responsible investment firm.