

## THIRD QUARTER 2009



### *Domini Urges Mandatory Corporate Sustainability Reporting*

Companies cannot be held accountable without data. The **Securities and Exchange Commission (SEC)** was founded on the idea that consistent, comparable disclosure to investors can help to mitigate risks and reform behavior. For more than ten years, we have promoted the concept that this idea encompasses social and environmental risks as well. Companies, therefore, should be required to publicly disclose more information about their impact on their employees, our communities, and the environment. Today, we may be closer than ever to our goal.

During the quarter, Domini worked with the **Social Investment Forum** on a proposal asking the SEC to require companies to produce an annual sustainability report using the **Global Reporting Initiative (GRI)** guidelines, the world's leading format for corporate sustainability reporting. The SIF proposal also asks the SEC to clarify that companies are already required to disclose certain long-term social and environmental risks they face. The proposal, submitted in July, is currently endorsed by more than 80 institutional investors.

Investors also file shareholder proposals to obtain information on the social and environmental risks faced by corporations. Beginning in 2003, however, the SEC began allowing companies to exclude from their proxy statements proposals that ask companies to conduct a "risk evaluation" of a social or environmental issue. Shareholders may ask how the company is affecting climate change, for example, but may not ask how climate change — or exposure to subprime lending — will affect the company.

In September, Domini participated in an invitation-only meeting with SEC staff. We joined other shareholders in opposing this line of decisions, arguing that the SEC has, in effect, been asking us to pretend that we are not investors when we raise these issues.

This meeting produced rapid results. In late October, SEC staff issued a new legal bulletin ending this "risk evaluation" approach. We look forward to continuing this dialogue to ensure that our right to file proposals on social and environmental issues continues to be protected and strengthened.

In late July and early October, Domini's General Counsel took part in the first two meetings of the SEC's new Investor Advisory Committee. The 18-member committee was established to provide the SEC with the views of a broad spectrum of investors on the Commission's regulatory agenda.

**Kimberly-Clark Takes Leadership on Sustainable Forestry** For several years, Domini has led a shareholder group urging **Kimberly-Clark** — a major producer of tissue products — to improve its forestry practices and to engage in dialogue with environmental groups such as Greenpeace. In June, Kimberly-Clark and **Greenpeace** jointly announced new company policies including sustainable forestry and human rights commitments that are very much in line with our requests. We congratulate Kimberly-Clark and Greenpeace on this important achievement.

### Human Rights

During the quarter, Domini continued its work with the **Global Network Initiative**, a multi-stakeholder initiative opposing censorship and surveillance on the Internet (corporate members are **Google**, **Microsoft**, and **Yahoo**). For the fifth year in a row, Domini filed a shareholder proposal asking **Cisco Systems** to address its impact on human rights. The proposal will come to a vote in November.

**Domini Helps Launch Conflict Risk Network** Domini is pleased to be a founding member of the **Conflict Risk Network (CRN)**. CRN seeks to leverage the more than \$500 billion in combined assets of its institutional investor members to address mass atrocities and avoid genocide in conflict zones around the world through in-depth research on corporate activity in these regions and direct engagement with companies. CRN is a project of the **Genocide Intervention Network**, which began addressing the genocide in Sudan's Darfur region in 2006. As a founding member, Domini has a seat on CRN's advisory board.

### *Domini Joins Call for Strong Climate Change Treaty*

Domini joined a group of 181 investment institutions, representing \$13 trillion, in calling for a strong global climate change treaty. The statement is purportedly the largest investor statement on climate change ever issued. The investors warn of "catastrophic economic and social consequences" if serious action is not taken at the December global summit in Copenhagen.

The statement was produced by the Institutional Investors Group on Climate Change, the Investor Network on Climate Risk, the Investor Group on Climate Change/Australia and New Zealand, and the UNEP Financial Initiative..

\*The press release and full proposal are available at [www.socialinvest.org/news/releases/pressrelease.cfm?id=143](http://www.socialinvest.org/news/releases/pressrelease.cfm?id=143) and [www.socialinvest.org/documents/ESG\\_Letter\\_to\\_SEC.pdf](http://www.socialinvest.org/documents/ESG_Letter_to_SEC.pdf).

Domini's General Counsel is a member of the Securities and Exchange Commission's Investor Advisory Committee. This document represents Domini's views and does not necessarily reflect either the views of the committee, or the views or regulatory agenda of the Commission, the Commissioners, or Commission staff.

# 2008 Highlights



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](http://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 2008. 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](http://www.domini.com).

**Global Network Initiative:** Around the world, Internet and communications technology companies face requests from governments to censor and remove information, and to provide information on their users. In 2008, Domini helped to launch the Global Network Initiative, a multi-stakeholder group that opposes government censorship and threats to privacy worldwide. The group includes **Google, Microsoft, Yahoo**, and a range of human rights and academic organizations.

**Sustainable Forestry:** Of the twenty shareholder resolutions Domini filed for the 2008 proxy season, six related to sustainable forestry and climate change. **Best Buy** agreed to work with Domini to develop a sustainable paper purchasing policy and the packaging manufacturer **MeadWestvaco** agreed to study the feasibility of phasing out the use of wood fiber not certified by the Forest Stewardship Council and to increase its use of recycled fiber.

**Project Kaleidoscope:** Domini helped to produce the final report of Project Kaleidoscope, a multi-year collaborative effort, which included **McDonald's** and the **Walt Disney Company**. The Project's Working Group developed and successfully field-tested a new approach to achieving long-term improvements in factory working conditions. The project was field-tested at 10 contractor factories in southern China that produce goods for McDonald's restaurants and Disney licensees.

**Child Labor in Uzbekistan:** In 2007, the International Labor Rights Forum brought to our attention the annual forced mobilization of children in Uzbekistan to harvest cotton. In 2008, Domini helped lead a group of investors that sent letters to more than 100 corporations around the world, prompting them to start tracing the source of their cotton purchases. The group's efforts included meetings with the U.S. State Department and letters to Uzbek President Karimov, the Secretary General of the International Labor Organization, and Secretary of State Condoleezza Rice.

**Investing and Genocide:** In September 2008, Domini briefed the Congressional Human Rights Caucus on what investors can do to address genocide and other crimes against humanity.

**ABOUT DOMINI SOCIAL INVESTMENTS** Domini Social Investments manages mutual funds for individual and institutional investors who wish to create positive change in society by integrating social and environmental standards into their investment decisions. Visit [www.domini.com](http://www.domini.com) or call 1-800-762-6814 to find out more.

The Domini Funds are subject to market risks and are 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' portfolios are 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](http://www.domini.com). Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 11/09

## 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.