

## SECOND QUARTER 2009



### Celebrating 15 Years of Shareholder Activism

This year marks the 15th anniversary of Domini's first shareholder resolution — and therefore the 15th anniversary of our shareholder activism program. In 1994, we filed a resolution asking **Wal-Mart\*** to disclose Equal Employment Opportunity information. Since then, we have filed a total of **200 resolutions** with **83 companies** and engaged in numerous long-term dialogues with corporate management on a range of social, environmental, and governance issues.

Although shareholder resolutions may often be viewed by corporations as an aggressive tactic, we have found that they are often the first step towards meaningful progress. Over the past 15 years, we've withdrawn about a third of the proposals we've filed when we were able to come to an amicable agreement with the company. We thought we would mark this anniversary by taking a moment to review some of those successes.

#### New and Continuing Dialogues:

During the second quarter, Domini met with 11 companies, refiled our proposal on Internet censorship and surveillance with **Cisco Systems**, and participated in letter-writing campaigns on labor rights and on lobbying related to climate change.

Domini helped to lead a global coalition of investors managing \$372 billion in sending a letter to Congress endorsing the **Employee Free Choice Act**, and a larger coalition managing \$757 billion in sending letters asking the S&P 100 companies how they protect labor rights, and what their position is on the Act.

Domini was the lead filer on the following shareholder resolutions that came to a vote during the 2009 proxy season.

<b>AT&amp;T</b> political contributions	31.8%
<b>Bank of America</b> predatory credit card practices	33.4%
<b>Goldman Sachs</b> political contributions	22.2%
<b>International Paper</b> sustainable forestry	6.1%
<b>Nucor</b> modern slavery report	26.9%
<b>RR Donnelley</b> sustainable forestry	8.7%

**Procter & Gamble Markets Fair Trade Coffee** Several years ago, overproduction and falling prices left millions of coffee farmers unable to feed, clothe, and educate their families. The Fair Trade certification system helps to alleviate poverty and suffering by guaranteeing farmers a minimum price per pound. In September 2003, after months of dialogue with an investor group co-led by Domini, **Procter & Gamble** offered its first line of Fair Trade Certified coffee.

#### Gap Releases First Social Responsibility Report

Companies cannot be held accountable without data. What may seem like a mere report can be a catalyst for tremendous changes. In May 2004, after two years of dialogue between **Gap** and a small coalition of socially responsible investors including Domini, **Gap** released its first Social Responsibility Report. This report, which focused on labor standards in the factories that make **Gap** products, set new standards of transparency for the apparel industry.

**JPMorgan Adopts Comprehensive Environmental Policy** In 2005, after a long-term dialogue with social investors including Domini, **JPMorgan Chase** — then a \$1.1 trillion bank with operations in more than 50 countries — adopted a comprehensive environmental policy that addresses global warming, illegal logging, protection of habitats, and the concerns of indigenous peoples.

**Project Kaleidoscope Releases Final Report** Occasionally, dialogue can lead to a level of trust that allows for experimentation. In May 2008, Domini helped to produce the final report of **Project Kaleidoscope**, a multi-year collaborative effort that developed and successfully 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 licensees of the **Walt Disney Company**. *(continued on other side)*

#### Domini Executive Selected for SEC Investor Advisory Committee

Domini Social Investments' Managing Director and General Counsel has been selected to join the Securities and Exchange Commission's newly formed 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. Committee members will serve for a term of two years.

\*Wal-Mart was removed from the Domini Social Equity Fund's portfolio in 2001 and does not currently meet our Global Investment Standards.

Domini extends special thanks to the numerous individuals and institutions that led or helped to lead the dialogues listed above. These successes would not have been possible without their efforts. Unfortunately, space does not permit us to list them here. Visit our website for more details.

# Social Impact Update



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).)

## Bringing New Voices to the Table

From time to time, we have used our position as a shareholder to send affected stakeholders to corporate annual meetings to deliver their message directly to the CEO, the board of directors, and assembled shareholders.

For example, we sent members of the Yakima nation to **Enron's** annual meeting to invite CEO Ken Lay to meet with their elders to help the company understand the critical need to protect their sacred land from development. In 2007, we sent an Ethiopian expatriate to the **Starbucks** annual meeting to speak about the intellectual property rights of Ethiopian coffee farmers. The leader of a community reinvestment group presented our proposal on predatory credit card practices at **Bank of America's** annual meeting this year.

## Celebrating 15 Years of Shareholder Activism, continued

**Apple Adopts Code of Conduct** We have devoted serious attention to sweatshop conditions around the globe, an issue our shareholders are particularly concerned about. In 2005, in response to a Domini resolution, **Apple Computer** adopted a code of conduct for the suppliers that manufacture its products. We worked with Apple to ensure that the code included strong provisions on freedom of association, collective bargaining, and forced labor. The company has made rapid advances in reporting on its efforts to ensure compliance with the code.

**Protecting Forests** In 2004, **Limited Brands**, the parent company of Victoria's Secret, was targeted by Forest Ethics for the impact of its catalog business on threatened Canadian forests. Domini engaged in dialogue with the company and filed a shareholder resolution. We also used our position as a shareholder to enable an Alberta community spokesperson to attend the company's annual meeting to address the CEO and board of directors. Her impassioned speech on the effects of deforestation helped to change company policy. In 2006, the company agreed to use more wood fiber certified by the Forest Stewardship Council, increase the recycled content of its paper, and reduce the use of paper in catalogs.

**Domini Raises Alert on Nanomaterials, Toxics** For several years, Domini has been raising emerging environmental health risks with companies, seeking public reports or phaseouts of potentially harmful substances.

In 2007, Domini co-filed resolutions asking **Colgate-Palmolive** and **Avon Products** to report on their policies for assessing the safety of nanomaterials in cosmetics and personal products, and disclose which product categories contain them. In 2003, Domini filed a resolution asking Avon Products to investigate its use of parabens, chemicals found in cosmetics that may be implicated in breast cancer — the first resolution ever filed on this topic. In 2007, Domini helped convince **Target** to reduce its use of toxic PVC plastic in infant products, children's toys, and other products. And in 2008, our resolution asking **Becton Dickinson** to phase out brominated flame retardants received a 36% vote, the highest ever received for a resolution on toxic chemicals.

**Protecting the Rights of Gay and Lesbian Employees** After a five-year campaign, in 2005 **Emerson Electric** agreed to amend its companywide nondiscrimination policy to prohibit discrimination on the basis of sexual orientation.

**Lifting the Veil on Corporate Political Contributions** Domini believes that shareholders have the right to know how the companies they own are influencing the political system. In 2006, **Verizon** committed to disclosing its political contributions after our shareholder resolution received a 33% vote. In 2008, we convinced **American Express** to begin annual public reporting of its political contributions, including certain payments to trade associations. In response to our proposal, **Goldman Sachs** said it will not make political contributions from corporate funds.

None of this work could be done without the support of our shareholders. We thank you for your commitment to making a difference in the world through the way you invest.

**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 more 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. 07/09