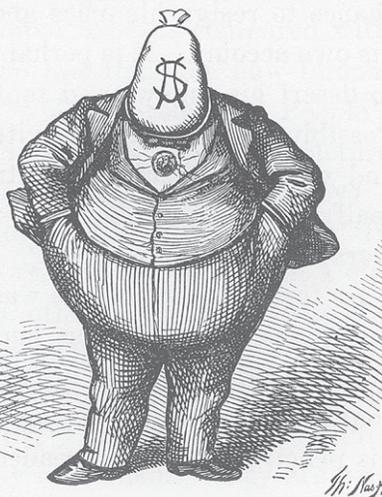


## FOURTH QUARTER 2006



### New and Continuing Dialogues

During the fourth quarter, we met with 23 companies in person or by phone, including **Apple Computer** (global labor standards); **Becton-Dickinson** (chemicals in healthcare supplies); **Bed Bath & Beyond** (PVC packaging); **Best Buy** (PVC packaging, sustainability reporting, and other topics); **Chubb, EMC, and Illinois Tool Works** (sustainability reporting); **Devon Energy** (greenhouse gas emissions); **McDonald's and Walt Disney** (labor standards in China); **Procter & Gamble** (Fair Trade coffee); and **Starbucks** (intellectual property rights in Ethiopia). We wrote to another 10 companies on a variety of topics.

### Freedom of Expression on the Internet

The Internet, wrote a State Department official in May 2006, "has become a lightning rod for repressive governments as they try to restrict or block freedom of expression." In the fourth quarter of 2006, Domini, together with human rights organizations such as Amnesty International and Human Rights Watch, joined a multi-stakeholder group that is developing policies on freedom of expression and privacy to help guide corporations. The group includes **Google, Microsoft, Vodafone, and Yahoo!** Domini achieved a significant vote of 29% for a resolution calling on **Cisco Systems** to address Internet censorship and surveillance under repressive regimes (co-filed with Boston Common Asset Management).

**Political Contributions:** Domini believes that shareholders have a right to know how the companies they own are influencing the political system. Working with the nonprofit Center for Political Accountability, for the past three years Domini has been the lead filer of a resolution calling on **Verizon, AT&T, and BellSouth** to publicly disclose their political contributions. After a 33% vote last season, Verizon committed to annual disclosure of its contributions. Domini's resolution with AT&T is pending. **Hewlett-Packard** also agreed to disclose its contributions and Domini withdrew its resolution (co-filed with Trillium Asset Management).

**Forestry Practices:** As noted last quarter, Greenpeace has charged **Kimberly-Clark** with buying wood fiber that is cut from old-growth forests in British Columbia. After meetings with Domini this quarter, the company commissioned a study to evaluate the feasibility of phasing out its use of wood fiber from sources not certified by the Forest Stewardship Council (FSC). The FSC certifies that wood is produced in a way that does not destroy habitat, pollute water, displace indigenous people, or harm wildlife.

Domini continued its dialogue with **Limited Brands**, the parent company of Victoria's Secret. In December, Limited Brands announced an agreement with the nonprofit organization ForestEthics, which had used chainsaw-wielding lingerie models to dramatize the company's impact on forests. Limited Brands agreed to increase its use of FSC-certified wood, boost the recycled content of its paper, and reduce the amount of paper used in its catalogs.

### THE DARFUR CRISIS

The genocide in Darfur, in western Sudan, is a crime that people of conscience cannot ignore. Investors have an obligation to use all of the tools at our disposal to help stop the atrocities and save lives. Domini's research process includes an intensive examination of any corporate activities in Sudan. On behalf of our shareholders, we seek to avoid investing in companies whose activities benefit the Sudanese government or contribute to abuses of human rights. We have also maintained close contact with the Sudan Divestment Task Force and other investors and organizations working against the Darfur genocide. For more information on investment issues relating to Sudan, visit [www.domini.com](http://www.domini.com).

### SHAREHOLDER RESOLUTIONS FILED FOR 2007

COMPANY	ISSUE	DOMINI ROLE
ANADARKO	Climate change	Co-filer
AT&T	Political contributions	Lead filer
BELLSOUTH	Political contributions	Lead filer
COCA-COLA	Recycling	Co-filer
COOPER INDUSTRIES	Human rights policy	Co-filer
CVS	Climate change	Lead filer; withdrawn
EOG RESOURCES	Climate change	Lead filer
HEWLETT-PACKARD	Political contributions	Co-filer; withdrawn
HOME DEPOT	Diversity	Co-filer
KIMBERLY-CLARK	Forestry report	Lead filer
LOWE'S	Forestry report	Lead filer
VERIZON	Political contributions	Lead filer; withdrawn
WELLS-FARGO	Climate change	Co-filer
WENDY'S	Sustainability reporting	Lead filer
XEROX	Global labor standards	Lead filer

# 2006 Highlights

## ANNUAL ADVOCACY STATISTICS

Action	2005	2006
Resolutions Filed*	20	16
Additional Dialogues	22	35
Additional Companies Contacted	2	211
<b>TOTAL**</b>	<b>44</b>	<b>262</b>

\* Count includes proposals filed during the calendar year for the following year's proxy season.

\*\* Includes filing of a shareholder proposal, writing a letter to the company, or holding at least one teleconference or meeting with company officials. Proxy voting and related correspondence are not included.

As a shareholder in the Domini Funds, you make a difference in the world. Below are highlights of how you made a difference in 2006. 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).

**"Most Activist":** Domini was one of four mutual fund families rated "most activist" by The Corporate Library, a respected information resource on corporate governance. This meant we were least likely to support management, and most likely to support shareholder resolutions on corporate governance and social and environmental issues in our proxy voting. (Interested in how your other mutual fund companies rated? See [www.socialfunds.com/news/proxy.cgi](http://www.socialfunds.com/news/proxy.cgi).)

**Human Rights:** Coca-Cola has been accused of draining aquifers in a drought-stricken region of India, and of complicity in the deaths of trade unionists in Colombia. As part of our ongoing dialogue, we met with Coke's new CEO and asked the company to address human rights in a more comprehensive way.

**Climate Change:** Following a shareholder resolution filed (and later withdrawn) by Domini, **Devon Energy** committed to measure and publicly report its greenhouse gas emissions. As part of this agreement, Domini also hosted a meeting with Devon's president. Devon is the largest U.S.-based independent oil and gas producer.

Working with the Carbon Disclosure Project, we wrote to more than 200 U.S. and European companies asking them to disclose their greenhouse gas emissions and climate change policies.

## ABOUT DOMINI SOCIAL INVESTMENTS

Domini Social Investments manages more than \$1.7 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](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' 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](http://www.domini.com). Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 02/07

## 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.