



## FOURTH QUARTER 2007

### New and Continuing Dialogues:

As part of a shareholder dialogue led by the As You Sow Foundation, we helped convince **Target** to reduce its use of toxic PVC plastic in infant products, children's toys, shower curtains, packaging, and fashion accessories.

We met with 23 companies during the quarter, including **Anadarko Petroleum**, **Devon Energy**, and **EOG Resources** (greenhouse gas emissions); **Becton Dickinson** (chemicals in healthcare supplies); **Best Buy** (PVC packaging, sustainable paper sourcing); **Gap**, **Intel**, **Microsoft**, and **Merck** (political contributions); **France Telecom**, **Google**, **Microsoft**, **TeliaSonera**, **Vodafone**, and **Yahoo\*** (freedom of expression and privacy); **Johnson & Johnson** (nanomaterials); **McDonald's** and **Walt Disney** (project to address factory conditions in China); **Motorola** (PVC packaging); **Procter & Gamble** (Fair Trade coffee, nanomaterials); **Staples** (sustainable paper sourcing); and **Wells-Fargo** (climate change risk analysis). We wrote to an additional five companies on a variety of topics, including **Toyota** on Burma.

### Update on Darfur:

During the fourth quarter, we met with **Citigroup**, **JPMorgan Chase**, and **Merrill Lynch\***, encouraging them to use their influence to help end the ongoing genocide in Darfur.

\*As of December 31, 2007, Domini did not hold Yahoo or Merrill Lynch.

**New Resolutions** As socially responsible investors, the Domini Funds and their shareholders work with companies to help build a better world: putting new issues on the table, engaging in dialogue, and filing shareholder resolutions. Domini has filed 19 shareholder resolutions for the 2008 proxy season, and was the lead filer for 11.

**Political Contributions:** Through lobbying and political contributions, large corporations exert a disproportionate — and often barely visible — influence in the U.S. political system. Domini believes that shareholders have a right to know about the political activities of the companies they own. Following recent successes with **Verizon** and **Hewlett-Packard**, Domini filed resolutions calling on **American Express** and **AT&T** to disclose their political contributions. We are also asking companies to disclose contributions to trade associations — an increasingly important avenue for political influence.

**Climate Crisis:** Deforestation is a key contributor to global warming, because healthy forests absorb vast quantities of carbon that would otherwise enter our atmosphere. Domini has encouraged large purchasers of paper, pulp, and other wood products to address this issue. Following successes with **Kimberly-Clark** and **Limited Brands** last year, we filed resolutions urging **MeadWestvaco**, **International Paper**, and the printer **RR Donnelley & Sons** to practice sustainable paper purchasing, and **Home Depot** to report on its sustainable wood policy. Domini recently joined the Boreal Leadership Council, an organization committed to protecting one of the world's largest forest ecosystems.

**Workers' Rights:** Slaves toil at an estimated thousand camps in the Brazilian Amazon to make charcoal for the production of pig iron, which is used to make steel. Last year, *Bloomberg Markets* magazine reported in a cover story that **Nucor**, the second-largest U.S. steel company, has purchased some of this pig iron. After Nucor failed to provide a satisfactory response to our April 2007

letter, we filed a resolution asking the company to report on how it will ensure that its supply chain is free of slave labor. We are also opening dialogue with **Whirlpool** on this issue. Domini also filed resolutions asking **Xerox** to report on labor conditions throughout its supply chain, and urging **Cummins** to adhere to international standards in its relationships with labor unions.

**Product Safety:** We 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. Nanomaterials are molecular-sized materials that may easily enter the bloodstream when inhaled or swallowed, and possibly when applied to the skin.

### CURRENT SHAREHOLDER RESOLUTIONS

CORPORATE GOVERNANCE	
<b>AMERICAN EXPRESS, AT&amp;T</b>	Political contributions
<b>JETBLUE, LOWE'S, SOUTHWEST AIRLINES</b>	Sustainability reporting
<b>TIMEWARNER</b>	Separation of chair and CEO
ENVIRONMENT	
<b>AVON PRODUCTS, COLGATE-PALMOLIVE</b>	Product safety: nanomaterials
<b>BECTON DICKINSON</b>	Product safety: brominated fire retardants
<b>HOME DEPOT, INTERNATIONAL PAPER, MEADWESTVACO, RR DONNELLEY &amp; SONS</b>	Sustainable forestry
<b>JC PENNEY</b>	Product safety: PVC
<b>PULTE</b>	Climate change
HUMAN RIGHTS	
<b>CISCO</b>	Internet censorship, received 36% vote in favor
<b>COOPER INDUSTRIES</b>	Human rights
<b>CUMMINS</b>	Union relations
<b>NUCOR</b>	Slavery
<b>XEROX</b>	Global labor standards

Domini is the lead filer of the resolutions in bold.

# 2007 Highlights

## ANNUAL ADVOCACY STATISTICS

Action	2006	2007
Resolutions Filed	16	22
Additional Dialogues	35	34
Additional Companies Contacted	211	197
<b>TOTAL*</b>	<b>262</b>	<b>253</b>

\* 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.



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 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](http://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 \$1.3 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 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](http://www.domini.com). Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 02/08

## 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 issue.

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.