

FOURTH QUARTER 2008



Global Network Initiative Promotes Free Expression and Privacy on the Internet

Around the world, Internet and communications technology companies face requests from governments to censor and remove information, and to provide information on their users.

During the fourth quarter, Domini joined human rights organizations, academics, other social investors, and **Google, Microsoft, and Yahoo** to formally launch an effort to oppose government censorship and threats to privacy worldwide.

The Global Network Initiative reflects more than two years of extensive engagement and negotiation by the participants. Domini joined the effort in 2006, and actively participated in the drafting of its Principles on Freedom of Expression and Privacy. They are designed to provide practical, meaningful guidance for companies that face government requests that violate international human rights norms. The Initiative is grounded in international human rights law, practical experience, and a commitment to transparency and accountability.

An independent nonprofit entity will oversee the activities of the Initiative, governed by a board of directors with equal representation from company and noncompany participants.

The Principles and accompanying guidelines include commitments from participating companies to do the following:

- Establish greater transparency with users
- Perform human rights impact assessments
- Request the legal rationale for government actions and policies
- Train employees on human rights risks
- Challenge human rights violations where appropriate
- Provide whistle-blowing mechanisms through which violations of the Principles can be reported

The companies will be held accountable to their commitments through a system of independent third-party assessments.

Domini continues to challenge **Cisco Systems** on this issue. Our shareholder proposal, co-filed with Boston Common Asset Management, received a 32% vote at the company's annual meeting in November. Cisco is not participating in the Global Network Initiative. More information on the Initiative is available at www.globalnetworkinitiative.org.

Predatory Credit Card Practices Domini is participating in a campaign to address a variety of predatory credit card practices that are helping to lock students and low- to medium-income borrowers in an escalating cycle of debt. We filed resolutions asking the boards of **Bank of America** and **American Express** to assess the extent to which they use predatory practices such as double-cycle billing, usurious interest rates, and fee-harvesting cards. The filings led to in-depth meetings with both companies and a withdrawal of our proposal at American Express.

New and Continuing Dialogues

During the fourth quarter, we met with ten companies, including the following:

- **American Express and Bank of America** (predatory credit card practices)
- **Coca-Cola** (human rights)
- **Gap, Southwest Airlines, and Walt Disney** (sustainability reporting)
- **Goldman Sachs** (political contributions)
- **JC Penney** (product safety: PVC)

Public Policy

We wrote or signed several letters on the following public policy matters:

- Mandatory disclosure of corporate social and environmental performance
- Aid to help vulnerable communities in developing countries adapt to climate change
- Commitment by governments to greenhouse-gas emissions reductions and green energy technologies
- The shareholder resolution process and standards for fiduciary duty

We also released the report *Innovations in Social and Environmental Disclosure Outside the United States* (available at www.domini.com), and helped draft the Social Investment Forum's public policy recommendations to the Obama Administration.

CURRENT SHAREHOLDER RESOLUTIONS

CORPORATE GOVERNANCE	
AT&T, GOLDMAN SACHS	Political contributions
SOUTHWEST AIRLINES*	Sustainability reporting
TIMEWARNER*	Separation of chair and CEO
ENVIRONMENT	
AVON PRODUCTS	Product safety: nanomaterials
INTERNATIONAL PAPER, MER-EDITH, RR DONNELLEY & SONS	Sustainable forestry
HUMAN RIGHTS	
COOPER INDUSTRIES	Human rights
CUMMINS	Union relations
NUCOR	Slave labor in Brazil
COMMUNITY IMPACT	
AMERICAN EXPRESS,* BANK OF AMERICA	Predatory credit card practices

Domini is the lead filer of resolutions at the companies in bold.
 *Withdrawn.

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 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 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). 12/08

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.