



FIRST QUARTER 2009

New and Continuing Dialogues

During the first quarter, we met with 12 companies, including the following:

- **American Express** (predatory credit card practices)
- **Cisco Systems and Citigroup** (human rights)
- **Cummins** (union relations)
- **Dell** (recycling)
- **Goldman Sachs** (political contributions)
- **JPMorgan Chase** (human rights and the environment)
- **Kraft Foods** (nanotechnology)
- **Southwest Airlines** (sustainability reporting)

Public Policy

During March, Domini's General Counsel participated in a meeting organized by the Social Investment Forum (SIF) with SEC Commissioner Luis Aguilar to discuss Domini and the Social Investment Forum's public policy goals, including expanded corporate social and environmental disclosure.

Predatory Credit Card Practices The credit card industry has come under increasing fire. "Americans know that they have a responsibility to live within their means and pay what they owe," President Obama said in a May 9 radio address.

"But they also have a right to not get ripped off by the sudden rate hikes, unfair penalties and hidden fees that have become all too common to our credit card industry."

Calling for new legislation, Obama continued, "You shouldn't have to fear that any new credit card is going to come with strings attached, nor should you need a magnifying glass and a reference book to read a credit card application."

Credit cards have increasingly been viewed as the enemy, as banks hurt by the ongoing credit crisis turn to their customers as a captive audience from which they can extract profits. In addition to charging excessive penalty fees and interest rates, some banks have begun increasing the fees they charge to their best customers.

Critics argue that these practices are actually designed to keep customers in debt: a strategy that harms the long-term interests of the banks, their shareholders, their customers, and the economy itself.

Yet credit cards offer important benefits. Entrepreneurs with little or no collateral can use them to finance the startup of a small business. Young consumers can use them to build up a credit history so they can qualify for a mortgage in the future.

As Senator Christopher Dodd (D-CT) said in May, "We like credit cards — they are valuable vehicles for many people. It's when these vehicles are being abused by the card issuers at the expense of the consumers that we must step in and change the rules."

In 2008, Domini joined MMA Praxis in a campaign to address a variety of predatory credit card practices that we believe are locking consumers in a deepening cycle of debt. We filed resolutions asking the boards of **Bank of America** and **American Express** to assess the extent to which they engage in abusive or predatory practices.

Domini's resolution with Bank of America gained a vote of more than 33% at the company's annual meeting on April 29 — one of the most closely watched annual meetings of the year.

Among other suggestions, we called on Bank of America to put an immediate end to non-default repricing of existing balances, the practice of raising interest rates on customers that have not been delinquent in their payments. We were pleased to be able to withdraw our proposal at American Express after productive discussions with the company.

Child Labor in Uzbekistan

During the quarter, Domini participated in a conference call with the CEO of the **Dubai Multi Commodities Centre** to discuss the Centre's recent agreement to trade Uzbek cotton and to express our concerns regarding forced child labor in that country. The Centre is an entity of the government of Dubai, with a mandate to develop Dubai as a global commodity trading center. We were pleased with the conversation and look forward to continuing the dialogue.

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.)

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.

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 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. Please read it carefully before investing or sending money. DSIL Investment Services LLC, Distributor (DSILD). 06/09

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.