



## FOURTH QUARTER 2010

### New and Continuing Dialogues

Domini also worked on the following issues during the quarter:

- Discussed use of the antibacterial triclosan with **Limited Brands**
- Participated in a consultation with the **Outdoor Industry Association** on a new Eco Index to be used by brand apparel, footwear, and gear designers to measure environmental impact
- Wrote to 46 companies asking them to respond to the annual survey of the **Carbon Disclosure Project**
- Discussed corporate sustainability objectives with **AMD, Bloomberg, Intel, NTN, and Vivendi**, and met with **Gap** on its next sustainability report
- Joined 186 investors representing more than \$15 billion in signing the **Global Investor Statement on Climate Change**

In 2010, Domini announced a major agreement with steel manufacturer **Nucor** to address slavery in Brazil. In November, Domini discussed this agreement at **Ford Motor's** annual key supplier conference, an important opportunity to raise these issues with a significant portion of the automotive industry.

### *Ending the Secrecy on Corporate Political Contributions*

For more than six years, we have worked with the Center for Political Accountability to address the risks of corporate political spending, by seeking public disclosure of all contributions, board oversight, and clear policies to direct these activities. During the quarter, Domini resubmitted shareholder proposals asking **AT&T, Goldman Sachs, and JPMorgan Chase** for greater political accountability.

In 2008, we convinced **American Express** to begin public disclosure of its political contributions. During the quarter, we spoke with the company about its position on “independent expenditures,” a type of political spending that was illegal before last year’s Supreme Court decision *Citizens United v. Federal Election Commission*. These include TV ads supporting or opposing political candidates produced without coordination or approval by the candidates themselves. After our call, American Express published a policy on independent expenditures, which we are currently reviewing.

We joined other investors in filing proposals with **3M, Best Buy, and Target**, seeking a review of their political activity in order to highlight the potential financial risks when companies pay for election ads. All three companies contributed to Minnesota Forward, an organization that financed election advertisements in support of the election of Tom Emmer for Governor of Minnesota. Emmer’s opposition to gay marriage led to a consumer boycott of Target, a company with a particularly gay-friendly profile.

**Challenging the Chamber:** Despite its official-sounding name, the United States Chamber of Commerce is not a government agency but the largest corporate lobbyist in the country. The Chamber takes an aggressively partisan approach, opposing financial regulation, healthcare reform, and action on climate change. Many of its positions are at odds with the policies, practices — and, we believe, best interests — of its own corporate members. Domini is participating in a shareholder campaign to engage with corporations that sit on the board of the Chamber to address these conflicts. During the quarter, we helped draft a letter to 35 of these companies, challenging the Chamber’s positions on issues including climate change, healthcare reform, and equal pay for equal work, and participated in calls with **AT&T, JPMorgan Chase, and PepsiCo**.

### *Speaking Out for Human Rights*

**Internet Censorship and Surveillance:** Domini is a cofounder and board member of the **Global Network Initiative (GNI)**, a coalition of human rights organizations, investors, academics, and companies (**Google, Microsoft and Yahoo**) working to develop effective responses to censorship and surveillance on the Internet and other communication technologies, worldwide.

During the quarter, the GNI published its first annual report, as well as a public statement on the Wikileaks controversy, highlighting the value of the GNI principles when private companies come under pressure to censor material that is sensitive to governments. The GNI was also pleased to welcome Jermyn Brooks as its first independent Chair.

Our proposal addressing **Cisco Systems’** efforts to protect freedom of expression and privacy rights on the Internet received a strong 34% vote at the company’s annual meeting in November. We were concerned by the company’s decision to report this vote as 19% at its annual meeting, and are working on an effective response.

*(continued on reverse)*

## Shareholder Proposals

Corporate Political Activity	<b>AT&amp;T, Goldman Sachs, JPMorgan Chase, 3M, Best Buy, IBM, PepsiCo, Target</b>
Internet Freedom	Cisco Systems, 34% vote
Sustainable Forestry	<b>RR Donnelley</b>
Toxins in Consumer Products	<b>Coca-Cola</b>
Hydraulic Fracturing	<b>Southwestern Energy, Anadarko Petroleum</b>

**Boldface** indicates Domini is the lead filer.

As of December 31, 2010, 3M, American Express, Anadarko Petroleum, AT&T, Best Buy, Cisco Systems, Coca-Cola, Gap, Goldman Sachs, Google, IBM, Intel, JPMorgan Chase, Limited Brands, Microsoft, Nucor, PepsiCo, RR Donnelley, Southwestern Energy, Target, and Yahoo represented 2.8%, <0.1%, <0.1%, 3.5%, <0.1%, <0.1%, 0.2%, 0.5%, 0.3%, <0.1%, 2.8%, 3.0%, 3.3%, 0.8%, 4.3%, <0.1%, <0.1%, 1.0%, 0.4%, <0.1%, and <0.1%, respectively, of the Domini Social Equity Fund's portfolio. Vivendi represented 1.3% of the Domini International Social Equity Fund's portfolio. AMD, Bloomberg, Ford Motor, and NTN were not held by the Domini Funds. The composition of the Funds' portfolios is subject to change.

**The Crisis in Darfur:** In January 2011, residents of southern Sudan voted for independence in a historic referendum. During the fourth quarter, as this vote was approaching, we joined members of the **Conflict Risk Network (CRN)**, in writing to 18 oil and telecommunications companies active in Sudan to uphold human rights during this critical process. Domini is a founding member of CRN and serves on its advisory board. CRN seeks to leverage the more than \$500 billion in combined assets of its institutional investor members to address mass atrocities and avoid genocide in conflict zones.

In November, **Domini testified before the House Financial Services Committee Subcommittee on International Monetary Policy and Trade** on the effectiveness of the Sudan Accountability and Divestment Act. The act was passed in 2007 to make Sudan divestment easier and to require companies seeking contracts with the federal government to certify that they are not doing business in Sudan. Domini participated in the GAO study that prompted the hearing, and was one of only three organizations to provide the GAO with a list of companies excluded from investment based on their involvement in Sudan.

At the hearing, Domini recommended that Congress ask the Securities and Exchange Commission to require companies to disclose more information about their human rights policies and practices. Our testimony is available at [www.domini.com](http://www.domini.com).

**Gender Equality in Japan:** Domini has had a long-standing policy to vote against corporate boards that do not have any women members. This is a particularly dramatic problem in Japan, where it is rare for a woman to serve as a director. We wrote to 35 **Japanese companies** that did not have any women on their boards of directors, explaining our policy to vote against their boards.

## Protecting the Public from Harmful Chemicals

**Hydraulic Fracturing:** Hydraulic fracturing is a controversial method of obtaining natural gas from deep underground by pumping vast quantities of high-pressure water and chemicals into shale bed. Potential impacts include depletion and contamination of water supplies, and the possibility of chemical spills. Domini filed proposals asking **Anadarko Petroleum** and **Southwestern Energy** to report on the known and potential environmental impacts of hydraulic fracturing and policy options to reduce those impacts.

**Bisphenol-A:** We refiled our shareholder proposal at **Coca-Cola** asking how the company is responding to the public policy challenges of bisphenol-A (BPA), a chemical used in the can linings of Coca-Cola products. Canada has banned the use of BPA in baby bottles, and a recent report by the President's Cancer Panel noted a "growing link between BPA and several diseases, including various cancers."

**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 1-800-582-6757 to find out more.

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