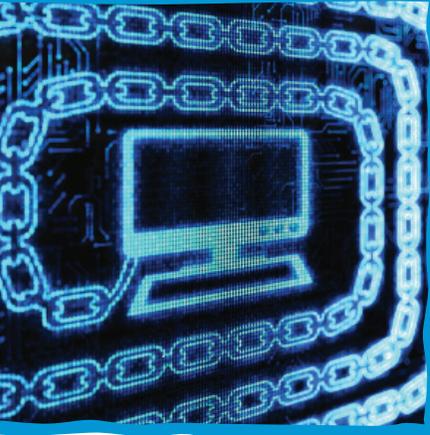


SECOND QUARTER 2012



Addressing Labor and Environmental Standards in Supply Chains

Apple, currently the Domini Social Equity Fund’s largest holding, has received significant and persistent media attention for its relationship with Foxconn*, a key manufacturer for the global electronics industry. This attention came to a head early in 2012 with a lengthy *New York Times* story about working conditions at Foxconn facilities in China supplying products for Apple.

Domini has been paying close attention to working conditions in Apple’s supply chain for several years, and has played an instrumental role in moving the company in the right direction. In 2005, we convinced Apple to adopt its first code of conduct, setting strong standards for its suppliers to follow to protect the basic rights of workers manufacturing Apple products. The code was adopted shortly before the company’s first sweatshop controversy, which also related to Foxconn. Shortly thereafter, the company began monitoring its supply chain and producing transparent annual reports about these efforts and working conditions in these facilities. We have been meeting with the company at least annually since the adoption of their code. Domini was also a lead drafter and coordinator of an investor statement in response to worker suicides at a Foxconn facility in 2010.

This year, Apple made two significant announcements – it released the names of its major suppliers, and joined the **Fair Labor Association**, an organization providing thorough and transparent audits of factories for many apparel companies, such as Nike and Adidas. Apple is the first company in its industry to join the FLA. The FLA conducted thorough audits of Foxconn on Apple’s behalf, which were then released to the public, resulting in additional media coverage.

We organized an investor call with Apple in April to discuss the FLA’s findings and to receive an update on the company’s supply chain efforts. The FLA audits revealed a number of significant, recurring problems. We discussed Apple’s plans to address these problems, and intend to regroup with Apple later in the year to assess progress.

Coach, the luxury leather-goods company, provides relatively little information to investors about its efforts to address labor and environmental conditions in its global supply chain. Leather production is, historically, an environmentally damaging process. We had a constructive conversation with Coach executives about their efforts to address these issues, and look forward to continuing these discussions with the aim of improving the company’s public reporting.

Other Corporate Engagements

We met with the following companies during the quarter:

- **Atlas Copco**, a Swedish industrial and mining machinery company (human rights)
- **Bank of America*** (sustainability reporting)
- **Deutsche Bank*** (general CSR discussions)
- **Ford*** (discussed latest sustainability report)
- **JPMorgan Chase** (environmental policies)
- **Vedanta***, an Indian mining and metals processing company (met with CEO to discuss persistent disputes with governments and communities)

We continued to serve on the advisory board of the **Conflict Risk Network**. During the quarter, we worked with CRN staff to help prepare for CRN engagements with **National Gas Corp of India (ONGC)*** to discuss the company’s involvement in Burma and Sudan, and with **Caterpillar*** to discuss its alleged business in Sudan.

Domini Shareholder Proposal Vote Results

<i>Lead filer:</i>	
AT&T <i>corporate political activity</i>	38.6%
Cisco Systems <i>Internet freedom</i>	42.5%
Coca-Cola <i>toxins in consumer products: bisphenol-A</i>	Omitted at SEC
JPMorgan Chase <i>corporate political activity</i>	10.6%
Kraft <i>sustainable forestry</i>	10.6%
Lowe’s <i>sustainable forestry</i>	Withdrawn
RR Donnelley <i>sustainable forestry</i>	26.7%
<i>Co-filer:</i>	
Anadarko Petroleum <i>hydraulic fracturing</i>	Withdrawn

GNI Welcomes Facebook

Domini continued to participate as an active member of the board of the Global Network Initiative, a multi-stakeholder human rights organization working to address government demands to Internet and telecommunication companies that interfere with basic rights of freedom of expression and privacy. During the quarter, the GNI welcomed Facebook* as an “observer” - a trial period to determine whether the company wishes to join the organization. Facebook has been under pressure, particularly from Senator Durbin (D-IL), to join the GNI.

Sustainability Reporting at Rio+20

June marked the occasion of the Rio+20 Earth Summit, the 20th anniversary of the 1992 United Nations Conference on Environment and Development (UNCED), in Rio de Janeiro, and the 10th anniversary of the 2002 World Summit on Sustainable Development (WSSD) in Johannesburg.

The final declaration adopted in Rio, entitled “The Future We Want” includes a statement in support of corporate sustainability reporting. Domini was part of a coalition of international investors managing \$2 trillion seeking a strong commitment in Rio from the UN delegates on a corporate sustainability reporting convention. Although the resulting declaration is not as strong as we originally wanted, it represents a significant achievement of the investor coalition, which faced opposition from a number of countries and, in particular, the US Chamber of Commerce.

Domini had the privilege of representing the investor coalition at two preparatory meetings in New York, where the delegates were working on the formal declaration to be adopted in Rio, including a working session for delegates from developing countries, including Mexico, China, South Africa and India. We spoke about the significant benefits corporate sustainability reporting could provide to developing countries, by helping to improve the social and environmental performance of multinational corporations.

Domini Executive Selected for SEC Investor Advisory Committee

Domini Social Investments’ Managing Director and General Counsel, Adam Kanzer, has been selected to join the Securities and Exchange Commission’s Investor Advisory Committee, created under the Dodd-Frank financial reform Act. He served on the SEC’s inaugural Investor Advisory Committee, which was disbanded in 2010 after passage of the Act. The 21-member committee was established to provide the SEC with the views of a broad spectrum of investors on the SEC’s regulatory agenda. Mr. Kanzer participated in the IAC’s first meeting on June 12.

Prior to the IAC appointment, we met with SEC Commissioner Luis Aguilar and SEC Chairman Mary Schapiro to discuss the priorities of the social investment community, including swift passage of Dodd-Frank provisions addressing excessive executive compensation, and two provisions relating to peace and government corruption – a provision requiring companies to disclose the sourcing of ‘conflict minerals’ from the war-torn Congo, and disclosure of corporate payments to foreign governments in connection with the extraction of natural resources.

During our meetings, we also asked the Commission to act on a pending rulemaking petition seeking disclosure of the use of corporate resources for political purposes. The petition has broken the record for public comments, with more than 250,000 people writing in support. Domini also reached out to shareholders of the Domini Funds, with an Action Alert.

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 1-800-582-6757 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. Investing internationally involves specific risks, such as currency fluctuations, social and economic instability, differing securities regulations and accounting standards, limited public information, possible changes in taxation, and periods of illiquidity.

Mr. Kanzer serves on the SEC’s Investor Advisory Committee in his individual capacity. His appointment to the Committee should not be considered an endorsement by the SEC of Domini Social Investments LLC or the Domini Funds. All views expressed herein are those of Domini Social Investments LLC, and may not reflect the views of the SEC, SEC staff, or other members of the SEC Investor Advisory Committee.

Before investing, consider the Funds’ investment objectives, risks, charges, and expenses. Visit www.domini.com or call 1-800-762-6814 for a prospectus containing this information. Read it carefully.

DSIL Investment Services LLC, Distributor. 07/12

*Bank of America, Caterpillar, Deutsche Bank, Facebook, Ford, Foxconn, ONGC, and Vedanta are not currently approved for Domini’s mutual fund portfolios.

As of June 30, 2012, these companies represented the following percentages of the Domini Social Equity Fund’s portfolio: Anadarko Petroleum (<.01%), Apple (6.7%), AT&T (0.65%), Cisco Systems (1.4%), Coach (0.9%), Coca-Cola (0.7%), JPMorgan Chase (0.3%), Kraft (<.01%), Lowe’s (<.01%), RR Donnelley (0.2%), and Nike (<.01%). Atlas Copco represented 1.5% of the Domini International Social Equity Fund’s portfolio. Adidas was not held by any of the Domini Funds. The composition of the Funds’ portfolios is subject to change.