



### GOOGLE, MICROSOFT AND YAHOO EVALUATED AGAINST FREEDOM OF EXPRESSION AND PRIVACY PRINCIPLES

In 2005, a Chinese human rights activist named Shi Tao was sentenced to ten years in prison for sending an email through his Yahoo account relating to the anniversary of the Tiananmen Square massacre. As shocking as this case was, we soon learned that censorship and surveillance of the Internet is widespread, in China and in many countries around the world. These revelations ultimately led to the creation of a human rights organization called the *Global Network Initiative* (GNI). Domini is a founding member of the GNI, and currently serves on its board of directors. The GNI is truly multi-stakeholder, with corporations, human rights organizations, academics and investors represented. Together, we developed a set of principles on freedom of expression and privacy to help guide corporations when they receive requests from governments that may violate these fundamental rights.

In the fourth quarter, GNI crossed an important milestone with the completion of the first round of assessments of founding companies **Google, Microsoft and Yahoo**. GNI member companies submit to a three-phase independent assessment process to allow the GNI board to evaluate whether they are in compliance with GNI's principles. In this last phase, an independent firm looks at a series of cases – actual examples of how the companies responded to government requests for data or to alter or take down content. This was the first assessment of its kind.

The GNI board met in Washington to receive these assessment reports and to vote on compliance. We determined that each company is in compliance with the GNI Principles, meaning that they have demonstrated good faith efforts to implement them in practice. We recognize that each company receives thousands of government requests per year and that it is not possible to evaluate each and every instance, or to determine what a representative sample might look like. Nevertheless, we are confident that the process was meaningful and credible. The GNI published the results of these assessments in a report on its website ([www.globalnetworkinitiative.org](http://www.globalnetworkinitiative.org)).

Recent revelations about NSA surveillance efforts could not be included in the GNI assessment, because companies are legally prohibited from even acknowledging the existence of NSA requests. The GNI is seeking greater transparency from our government, and Domini has signed several letters to this effect.

### SHOULD AMAZON BE SELLING ACCESSORIES FOR SEMI-AUTOMATIC WEAPONS?

In November, Domini wrote a letter to Jeff Bezos, CEO of **Amazon.com**, raising concerns about the company's participation in the militarization of the civilian firearms market. We highlighted, for example, a trigger kit that allows the shooter to "shoot as quickly as desired" and devices designed to increase accuracy and reduce shooter fatigue. We are seeking a dialogue with Amazon.com management and a senior-level review of the company's policies regarding the sale of firearms accessories. Our letter was signed by 33 institutional investors managing \$490 billion, including New York State and the Church of Sweden.

### Shareholder Proposals

Each year, Domini files shareholder proposals to appear in corporate annual proxy statements as a tool for change. These proposals, which come to a vote at corporate annual meetings, ask companies to address a broad range of social and environmental issues.

Here is a look at the proposals we filed this year:

Companies	Issues
Google	Corporate Tax Avoidance
AT&T, JetBlue Airways	Political Contributions Disclosure
United Parcel Service*, Verizon Communications	Political Lobbying Disclosure
Chipotle Mexican Grill*	Sustainability Reporting
Energen*, Pioneer Natural Resources*	Methane Emissions
Kraft Foods Group, Mondelez International, PepsiCo	Forestry Practices
PNC Financial Services*	Coal Financing

\* Domini is playing a supporting role in these engagements.



## Additional Dialogues

In addition to those discussed in this Update, we also engaged with the following companies during the quarter on these issues:

### Coca-Cola

Tax strategies, Human rights

### Concho Resources

Methane Emissions

### Microsoft

Tax strategies

### MTN Group (South Africa;

Telecommunications)

Human rights

### Nike

Bangladesh

### Nucor

Human rights

### Southwestern Energy

Methane Emissions

## Collaborating with NGOs

Domini is working with **Shift** and the **Institute for Human Rights and Business** on projects relating to corporate compliance with the UN Guiding Principles on Business and Human Rights, and we serve on the advisory board of **EIRIS Conflict Risk Network**, an organization focused on addressing corporate activities in conflict zones around the world, such as Sudan and Burma.

As of December 31, 2013, these companies represented the following percentages of the Domini Social Equity Fund's portfolio: Amazon.com (<.01%), AT&T (0.24%), Chipotle Mexican Grill (0.33%), Coca-Cola (<.01%), Concho Resources (<.01%), Energen (1.98%), Google (0.39%), JetBlue Airways (<.01%), Kraft Foods Group (<.01%), Microsoft (4.03%), Mondelez International (<.01%), Nucor (<.01%), PepsiCo (<.01%), Pioneer Natural Resources (<.01%), PNC Financial Services (1.73%), R.R. Donnelley (<.01%), Southwestern Energy (1.15%), United Parcel Service (<.01%), Verizon Communications (1.80%), and Yahoo (<.01%). MTN Group represented 0.85% of the Domini International Social Equity Fund's portfolio. The composition of the Funds' portfolios is subject to change.

## PUBLIC POLICY: EXCESSIVE CEO COMPENSATION

Because we believe that excessive CEO compensation encourages risk-taking and can damage the long-term value of our investments, the Domini Funds have consistently taken a strong stand against excessive executive compensation. At the same time that we have witnessed the steady growth of CEO compensation, the wages of rank-and-file employees have stagnated. A new rule adopted by the SEC may help to fix this long-standing problem. The new rule, included in the Dodd-Frank financial reform act, will require corporations to disclose the ratio between the CEO's compensation and the compensation paid to the median employee. We view this new disclosure as potentially transformative, and expressed our support in a letter to the SEC.

## ON BOARD THE RAINBOW WARRIOR III

Domini was honored to be invited to participate in an event on board **Greenpeace's** flagship, the Rainbow Warrior III, to celebrate progress in the protection of the canyons of the Bering Sea. We were asked to say a few words about our engagement with companies on sustainable seafood, and our interest as investors in preservation of these important undersea canyons. The small audience included Greenpeace staff and the ship's crew, as well as a government scientist and members of the fishing industry.

## SUSTAINABLE FORESTRY

Deforestation is one of the principal drivers of climate change. During the quarter, we continued dialogue on deforestation issues with **R.R. Donnelley** and **Mondelez International**, and opened dialogue with **PepsiCo** and **Kraft Foods** on the impact of their agricultural supply chains on global forests.

## 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 learn more.

The Domini Funds are not insured and are subject to market risks, such as sector concentration and style risk. Investing internationally involves special 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. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. 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.

**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.**