

Chipotle Agrees to Begin Comprehensive Sustainability Reporting

The recipe for constructive change includes ample doses of time, patience and diplomacy. For more than three years, we have been working to persuade Chipotle to begin the process of sustainability reporting. Chipotle has built its brand on “food with integrity” and often speaks about the importance of organic agriculture and local sourcing. As investors, however, we need details. We want to see policies and procedures. We want data. We want to know that the company has a deep understanding of these issues and is working to continuously improve its practices. And we believe that meaningful reporting can provide that assurance as well as catalyze change within a company.

Last year, our shareholder proposal seeking a sustainability report gained a strong 43% vote and we were told that more information would be forthcoming. This year, Chipotle followed through on that statement with an agreement to begin comprehensive sustainability reporting, using Global Reporting Initiative standards – the world’s leading sustainability reporting framework.

Our agreement with Chipotle covered three proposals – ours and two proposals filed by colleagues seeking a report on how the company incentivizes sustainability performance and a report addressing principles for federal minimum wage reform.

We have already met with Chipotle’s team to discuss the contents of its first sustainability report, and look forward to continuing those conversations.

Building More Transparent Markets

We believe all publicly traded companies should publish key sustainability information. Today, largely thanks to the efforts of the investor-led Sustainable Stock Exchanges (SSE) initiative, 40 stock exchanges around the world have issued environmental, social and governance (“ESG”) guidance or have committed to do so in the future. Twelve stock exchanges maintain listing standards requiring some form of sustainability disclosure from listed companies.

We are encouraging the **New York Stock Exchange** to join their peers and submitted a shareholder proposal to Intercontinental Exchange (ICE), its corporate parent, to that effect. We had good discussions with ICE and with NYSE directly. Although we were unable to reach agreement, ICE published a statement supporting the Sustainable Stock Exchanges Initiative, a web page providing resources for listed companies on sustainability, and a detailed response to our shareholder proposal in its proxy statement. We are making progress and look forward to continuing our dialogue.

We also met with **Nasdaq**, which has been a leader on this issue, and served as a ‘reader’ for a Ceres report capturing investor feedback on a set of sustainability indicators published by the World Federation of Exchanges, a membership organization of the world’s stock exchanges.

We are also promoting the inclusion of sustainability information in SEC filings, and recently joined the Investor Advisory Group at SASB, the **Sustainability Accounting Standards Board**.

A Landmark for Digital Rights

Seven European Telecommunications Companies Join Global Network Initiative

A range of global corporations sit between you, your government, and the global community. And every day, around the world, companies receive thousands of requests from governments to censor content on the Internet or turn over phone records or other personal information. Many of these requests—perhaps even most of these requests—are perfectly legitimate law enforcement efforts. Many, however, are more sinister, representing real threats to freedom of speech and privacy, including government-ordered shutdowns of internet and telecommunication services around elections or other important civic events. The integrity of elections, national security and our ability to communicate and meet our most basic economic needs are at stake.

All of this places Internet and telecommunications companies in a very difficult spot. If companies fail to comply with these requests, they may face serious legal consequences. If they comply, they risk losing the trust of their consumers and may become complicit in serious violations of fundamental human rights.

The Global Network Initiative (GNI) is a unique multi-stakeholder organization created in 2008 by companies, human rights organizations, academics and investors, including Domini, to find a sensible way to address these issues.

On March 28, at an event in Brussels, the GNI dramatically expanded its reach with the addition of seven new corporate members serving more than 1.5 billion people in over 120 countries in Africa, North, Central and South America, Europe, the Middle East

Additional Engagements

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

Michael Kors, Ralph Lauren, Motorola Solutions, Belle

Migrant worker recruitment practices

Sysco

Supply Chain Practices

Apple, Coca Cola

Human Rights

MetLife

Climate Change

Pepsi

Pesticide Use

Amazon

Sustainability Management

Social Impact Update

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and the Asia-Pacific regions. **Millicom, Nokia, Orange, Telefónica, Telenor Group, Telia Company** and **Vodafone Group** joined Facebook, Google, LinkedIn, Microsoft, Yahoo and more than 35 human rights and press freedom groups, academics and investor members.

As a founder and board member, Domini helped to draft the GNI principles, which provide guidance to companies on how to respect, protect and advance user rights when they respond to government demands that may threaten free expression or privacy. We were also deeply involved in the creation of the GNI's unique independent assessment process, which evaluates each company's commitment to these principles every two years.

The GNI is now poised for meaningful global impact at a particularly precarious time for free expression and privacy rights.

It Takes a Village

There is strength in numbers. Domini belongs to a community of global responsible investors, and often works with colleagues to promote more sustainable business practices and public policy.

This quarter, we were pleased to sign an investor letter to the group of banks that directly financed the **Dakota Access Pipeline** project, to express our continuing concerns and desire that the project be re-routed. We also signed an investor letter to twenty-one companies asking for a renewed commitment to **forest protection in South America**. *The New York Times* has reported an uptick in Amazon deforestation due to expanded demand for soy.

On the public policy front, we submitted detailed comments to the Financial Stability Board **Taskforce on Climate-Related Financial Disclosures**. We also signed an investor statement representing nearly \$3 trillion coordinated by the UN Principles for Responsible Investment asking G20 governments to **phase out fossil fuel subsidies**. In the U.S., we signed investor letters to protect the **Consumer Financial Protection Bureau**, a letter to the **CEOs that are members of President Trump's Strategic Policy Forum** asking them to speak out and uphold human rights, and a letter to House and Senate leadership in response to congressional action to repeal an SEC rule requiring resource extraction companies to disclose their payments to foreign governments, an important anti-corruption measure (**Dodd-Frank 1504**).

We also joined investors managing more than \$11 trillion in a letter to the **Texas state government to protest discriminatory legislation** that would prevent transgender people from using restrooms in public schools, universities, and government buildings consistent with their gender, and would eliminate any municipal non-discrimination ordinances.

About Domini Impact Investments

Domini Impact 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 learn more.

As of 3/31/17, these companies represented the following percentages of each Fund's portfolio: Domini Impact Equity Fund: Amazon (3.45%), Apple (2.53%), Chipotle (0.28%), Coca-Cola (<0.01%), Alphabet Inc (Google) (2.93%), InterContinental Exchange (<0.01%), MetLife (1.66%), Michael Kors Holdings (0.42%), Microsoft (1.02%), Motorola Solutions (<0.01%), Pepsi (2.95%), Ralph Lauren (<0.01%), Sysco (2.25%), Yahoo (<0.01%). Domini Impact International Equity Fund: Belle International Holdings (0.17%), Millicom Int'l Cellular (0.23%), Orange (1.36%), Telefónica SA (0.15%), Vodafone Group (0.87%). Domini Impact Bond Fund: Metropolitan Life (0.32%), Microsoft (0.24%) (general obligation bonds). The following companies were not held as of 3/31/17: Facebook, Nasdaq, Nokia Oyj, Telenor Group, Telia Company. LinkedIn is not publicly traded.

The composition of each Fund's portfolio is subject to change. Visit www.domini.com for a complete description of each Fund's portfolio.

An investment in the Domini Funds is subject to market, sector concentration, foreign investing and style risks. You may lose money. 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. The Domini Impact Bond Fund is subject to market risks, including interest rate and credit risks. During periods of rising interest rates, bond funds can lose value. The Domini Impact Bond Fund currently holds a large percentage of its portfolio in mortgage-backed securities. During periods of falling interest rates, mortgage-backed securities may prepay the principal due, which may lower the Fund's return by causing it to reinvest at lower interest rates. Some of the Domini Impact Bond Fund's community development investments may be unrated and carry greater credit risks than its other investments.

The Domini Funds maintain portfolio holdings disclosure policies that govern the timing and circumstances of disclosure to shareholders and third parties of information regarding the portfolio investments held by the Funds.

This commentary should not be deemed an offer to sell or a solicitation of an offer to buy the stock or bonds of any of the companies noted, or a recommendation concerning the merits of any of these companies as an investment.

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.

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