

Responding to the COVID-19 Pandemic

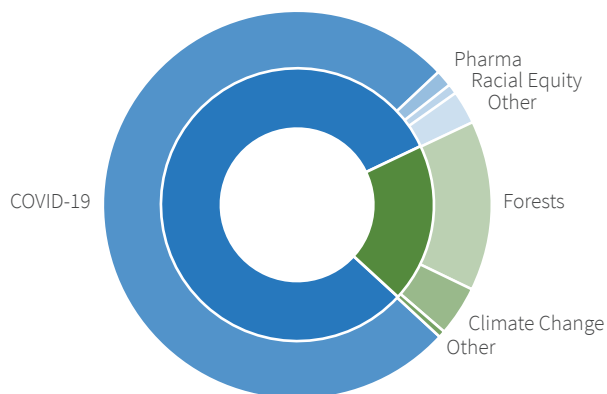
Last quarter, **we organized the Investor Statement on Coronavirus Response** with the Interfaith Center on Corporate Responsibility (ICCR) and the Office of the New York City Comptroller, proposing five recommendations to mitigate the worst outcomes of the COVID-19 pandemic. **Since the initial publication of our statement, 335 signatories representing over \$9.5 trillion have joined us in our call to action.** We shared our statement and recommendations with 381 companies held in the Domini Funds, of which 120 were held in the Domini Impact International Equity Fund and 261 were held in the Domini Impact Equity Fund. This quarter, **we continued to work alongside other investors and directly with companies to address our concerns regarding sector-specific risks and to discuss the implementation of the recommendations of the statement.**

Read more about how we are working with companies to protect their employees during the pandemic on page 2.

Also Inside

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Engagement Overview



Q2 Engagement Reach:

267 U.S. Companies

150 Non-U.S. Companies

- Universal Human Dignity
- Ecological Sustainability

Our mutual funds employ three fundamental impact investing strategies to create positive change:



Standards

Financial, social, and environmental standards guide all of our investment decisions.



Community Investing

We help build strong communities by directing capital to where it is needed most.



Engagement

We engage with issuers, organizations and policymakers to create value.

Read past updates & download the Domini Funds 2019 Impact Report at **domini.com**

Standing Up for Workers

The COVID-19 pandemic has affected the employment of tens of millions of people across all sectors of the economy, with the shutdown of schools, retail spaces, offices, transportation systems, and much more. As of the end of June, the U.S. Department of Labor's Bureau of Labor Statistics reported that the national unemployment rate exceeded 11%, with 17.8 million people still unemployed. Meanwhile, many essential and hourly workers that remain employed face increased health and safety risks for themselves and their families.

This quarter, **we engaged with companies across the Consumer Staples and Consumer Discretionary sectors and joined a public letter to SEC Chairman Jay Clayton regarding the importance of COVID-19-related disclosures by companies** on ways they can protect their employees, help prevent the spread of the virus, and responsibly use any federal aid they receive.

Last year, we initiated dialogue with Amazon.com regarding its human rights policies. This quarter, alongside a coalition of investors, we **continued to engage Amazon on a variety of matters that affect its workforce**, including sick leave, reports of retaliation against workers speaking out against unsafe working conditions, and board oversight of related risks.

Workers in the apparel supply chain currently face particularly dire circumstances. COVID-19 related shutdowns have led many retailers to cancel orders from factories, causing a significant number of workers, many of whom are migrants, to lose their jobs and/or be denied pay for work already completed. As part of a campaign led by ICCR calling on apparel companies to implement their 'responsibility to human rights' based on the UN Guiding Principles of Business and Human Rights (UNGPs), we **sent letters to Nike and The Gap and joined engagements with Hennes & Mauritz (H&M), NEXT and adidas**. These letters asked the companies to **protect workers through efforts to maintain supplier relationships** despite disruptions caused by the pandemic, including making prompt payments to suppliers for goods and services rendered in accordance with contractual terms. According

to the Worker Rights Consortium, an independent labor rights monitoring organization, **each of these companies have since committed to paying in full for orders completed and in production.**



In May and June, there were hundreds of outbreaks of the novel coronavirus at meat processing plants across the U.S. In response, **we joined the Investor Statement: Recommendations for Meat Processors During COVID-19**, which was supported by 118 institutions representing approximately \$2.3 trillion. The statement provides recommendations for companies on topics such as physical distancing, hazard pay, and protective equipment for workers. We are also concerned about the risks faced by workers in the service industry. We **led a dialogue with Chipotle Mexican Grill and the Human Capital Management Coalition to address workforce risks** like access to sick leave and health and safety checks at its locations.

Read the investor statement at
domini.com/covid19-statement

Promoting Racial Equity

In May, the death of George Floyd sparked a national conversation about race. We understand our responsibility to speak out against violence and injustice that disproportionately affect Black, Indigenous, and People of Color (BIPOC). We **wrote a public letter to the Domini community acknowledging the pervasiveness of systemic racism in the U.S.**, from the delivery of health care, housing and education, to public policy and representation, to the deployment of certain technologies, and access to environmental health, employment, and criminal justice.



This quarter, we used our voice to support a number of campaigns aimed to stymie hate in other forms. We joined hundreds of other companies in the **#StopHateForProfit campaign to encourage Facebook to take a stronger stance against hate speech** by boycotting use of its

advertising platform. Building on decades of organizing led by indigenous peoples, we joined **letters to Nike, FedEx and Pepsi regarding their relationships with the professional football team based in Washington, D.C.**, which persists in its use of highly derogatory language and imagery for its team name and mascot. All three companies took public action to push the team to change its name, joining a chorus of other voices. **The team yielded to public pressure and issued a statement that it will change its name and imagery.**

As an asset manager, we are in a unique position to engage companies on certain topics related to racial equity, particularly when it comes to diversity and representation in corporate leadership. In 2019, we adopted a new proxy voting standard for diversity on boards. The Domini Funds **oppose the election of some or all directors where people from historically underrepresented ethnic and racial groups make up less than 40% or at least three members of the board** (whichever is greater), in markets where we have access to such data and we apply the same standards for women. Over this past quarter, **the Domini Funds voted against directors at 79% of meetings due to insufficient gender or racial and ethnic diversity.**

We also **continued our work with the Thirty Percent Coalition**, a group of asset owners, asset managers, companies and human resource consultants working to **increase gender, racial and ethnic diversity in corporate boardrooms**. However, increasing diversity and representation in corporate boardrooms is just one aspect in the fight for racial justice and we remain committed to doing what we can to help address racial disparities in society through our investments and engagements.

Focus on Forests

Over the past year, we developed a holistic approach to integrate the promotion of forest health into our research and investment decision-making process. As part of this focus on forests, we evaluated our proprietary key performance indicators (KPIs) and other standards to ensure that they were aligned with our forest principles. Previously, we integrated new forest-related KPIs to capture risks and opportunities across 24 sub-industries. This

quarter, **we updated our KPIs for the financial sector to incorporate consideration of forest impacts.** The updates look to recognize intentional commitments from senior-level managers regarding companies' approaches to forests, climate change, the low-carbon transition, water, and human rights using measurable targets and data for financial and related risk assessments.

In addition to updating our KPIs, **we initiated the second phase of our forest engagements by contacting 37 U.S. and 32 non-U.S. companies across the banking, diversified financial and insurance industries.** The first phase focused on companies that were likely to impact deforestation while simultaneously depending on forests for some input or service. These engagements helped us identify what we consider to be ‘value-creator’ companies and to define a set of forest-positive actions, which you can read about in the Domini Funds 2019 Impact Report. **We hope this new round of dialogues will similarly help identify best practices and companies committed to positive forest impact in the financial sector.**

We also engage governments on public policy issues related to deforestation. We are particularly concerned with the threat of rapid tropical deforestation in Brazil driven by land-clearing to increase agricultural production. This quarter, **we joined a coalition of 29 investors led by Storebrand, Norway’s largest asset manager, to engage Brazilian embassies in Norway, Denmark, Sweden, the Netherlands, the United Kingdom, France, the U.S., and Japan on the threat deforestation poses to our investments globally.** In June, we sent a joint letter to the Brazilian Ambassador and Secretary of Trade at the embassy in Washington D.C., and we are participating in follow-up conversations to discuss the risks of deforestation.

Learn more at
domini.com/forests

Increasing Access to Medicine

This quarter, **we had conversations with several pharmaceutical companies on access to medicine initiatives related to drug pricing, antitrust concerns, research and development pipelines, and more.** Last year, we co-filed a shareholder proposal at Vertex Pharmaceuticals, a U.S.-based biotechnology company focused on treating rare, life-threatening diseases, requesting a report on the extent to which risks related to public concern over drug pricing strategies are integrated into its incentive compensation policies for senior executives. This April, **we withdrew the Vertex proposal this quarter after the company agreed to revise its disclosure to include information on how drug pricing affects executive compensation.**

We **led calls with Swiss pharmaceutical company Novartis to discuss its executive compensation practices** and the development of a risk report to address investor concerns around generic drugs and potential antitrust issues. We **also engaged Eisai, a Japanese pharmaceutical company, on how it might improve its performance on the Access to Medicine Index** through discussions on pricing strategies for core products, access strategies during the development phase, product registration in low-income countries, pipelines for infectious disease prevention, and assessment of climate-related risks. We also **joined a call with French pharmaceutical company Sanofi to continue conversations around insulin pricing.**

Last year, we **participated as an investor representative in a collaborative initiative led by the Biopharma Sustainability Roundtable (BSRT)** for global dialogue with biopharmaceutical companies on what kinds of information should be disclosed as part of their investor communication efforts. In April, BSRT **published the Biopharma Investor Environmental, Social and Governance (ESG) Communications Guidance.** We relayed our expectations on the value and purpose of ESG-related disclosures to investors, the importance of transparency behind the rationale of increasing the prices of existing drugs, and the material risks faced by pharmaceutical companies due to climate change.

We also signed an **investor statement to 20 pharmaceutical companies encouraging them to adopt a collaborative approach to address the COVID-19 pandemic.** In addition to potentially sharing knowledge on the design and delivery of health technologies to expedite the research and development of diagnostics, treatments, and a vaccine, the statement also encourages the companies to provide support to low- and middle-income countries that lack resources to adequately respond to COVID-19 and to advocate for the U.S. government and other relevant actors to support collaborative efforts among countries.

Our Standards and the UN SDGs

Our Impact Investment Standards are a broad set of social and environmental standards and principles that lay out how we believe investing should be done. Through the application of our standards, we believe we can better identify investments and build portfolios that align with the United Nations' 2030 Agenda for Sustainable Development, which is organized around 17 Sustainable Development Goals (SDGs). Below, **we highlight two companies held in the Domini Impact Equity Fund and Domini Impact International Equity Fund that support SDG 8, "Decent Work and Economic Growth,"** by providing products and services that can help expand access to economic and job opportunities.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Investment Highlights

Domini Impact Equity Fund

Pluralsight, a cloud-based online learning platform, offers expert-authored courses to teach essential technology skills to individuals, students and working professionals. As economies evolve, it is essential that education and training keep pace to ensure that businesses have access to labor with the skills needed to sustain growth. However, the rapid advancement of technology over recent years has made this a challenge, resulting in a widening "skills gap," particularly within the information technology sector. Pluralsight's vision is to **expand access to technology learning with an aim to close this skills gap globally.** The company's course library includes over 7,000 on-demand and online courses across a range of technology subject areas, including software development, cyber security, IT operations, and data.

Pluralsight One, the company's social enterprise, seeks to democratize access to technology skills by providing nonprofits with Pluralsight products and resources to help them improve access to opportunity and quality of education in underserved and at-risk communities around the world. In 2019, Pluralsight One formed a multi-year partnership with the Norwegian Refugee Council to help provide refugees and displaced persons the opportunity to learn technology skills. At a time when the United Nations estimates that nearly 80 million people are displaced worldwide, access to technology resources and skills can be critical.

Domini Impact International Equity Fund

Orange is a French telecommunication services company that provides mobile and internet services throughout Europe, Africa and the Middle East. Broad access to wireless communication strongly benefits economic growth, especially in UN-designated Least Developed Countries (LDCs) and Lower-Middle-Income Countries (LMICs), as is evidenced by the correlation between wireless access and increased GDP. The company operates in several LDCs, including Burkina Faso, Central African Republic, the Democratic Republic of Congo, Guinea, Guinea-Bissau, Liberia, Madagascar, Mali, Senegal and Sierra Leone, and **maintains a commitment to the digital development of the continent of Africa in areas like financial services, energy, education, agriculture, and healthcare.**

In 2019, Orange had approximately 45 million mobile banking customers in the region, many of which have never had access to a traditional bank account prior to having an Orange Money account. In addition, the company offers several digital inclusion programs, including training for young people interested in jobs in the digital economy, e-education programs for 200,000 students in 16 countries, and free Internet access to online educational content in 13 African countries during the COVID-19 pandemic.

Climate Action

This quarter, through our ongoing collaboration with ShareAction's Investor Decarbonisation Initiative, **we engaged 15 companies, asking for commitments regarding electric vehicles, renewable energy, energy efficiency, or the adoption science-based targets.** We also participated in a **Climate Action 100+ Japan investor meeting, where we discussed issues around corporate**

lobbying and trade associations.

We **joined a letter to Bank of America**, which was supported by investors representing \$1.1 trillion, **to oppose any efforts to develop oil and gas in the remote and pristine Arctic National Wildlife Refuge.**

Domini Sustainable Solutions Fund

The **Domini Sustainable Solutions Fund** is a new fund launched this April to help address many of the world's greatest sustainability challenges through investments in solution-oriented companies that support the following themes:



Accelerate the transition to a low-carbon future



Promote societal health and well-being



Contribute to the development of sustainable communities



Broaden financial inclusion



Ensure access to clean water for drinking and sanitation



Bridge the digital divide and expand economic opportunity



Support sustainable food systems

Investment Highlight: Kurita Water Industries

Access to clean water and sanitation has become one of the most significant challenges of our time. The United Nations estimates that approximately one in three people currently do not have access to safe drinking water. Being in the middle of a global pandemic has also exacerbated the importance of being able to wash for sanitation purposes, further highlighting the impact of investing in companies that provide technologies to support water access and sanitation solutions.

Kurita Water Industries, based in Japan, is an integrated water solutions provider that manufactures, sells and maintains water treatment equipment and systems. The company's products help provide access to clean water through a variety of water-related services, including water filtration, purification, water treatment, plant facilities and equipment cleaning, water quality analysis, and soil and groundwater remediation. Kurita has a global presence, operating in Japan, as well as throughout much of Asia, Europe, the Middle East, Africa and North America.

To learn more about the Domini Sustainable Solutions Fund visit **domini.com/solutions**



Investing in Communities

Through fixed-income investments, we seek to **increase access to capital, create public goods, and fill capital gaps** in our communities. The Domini Impact Bond Fund addresses a broad range of impact areas, which we classify into themes.

Domini Impact Bond Fund Theme Allocations¹

Access to Housing (49%)

Supports affordable mortgage credit & rental properties and multifamily collateralized mortgage obligations.

Corporate Debt² (20%)

Supports corporate general obligations & bank loans of companies that meet Domini's Impact Investment Standards.

Economic & Community Development (10%)

Supports nonprofit education, rural & agricultural communities, public broadcasting, transportation, municipal general obligations, access to water, business & job creation, and community development financial institutions.

Health, Well-Being & Aging Society (8%)

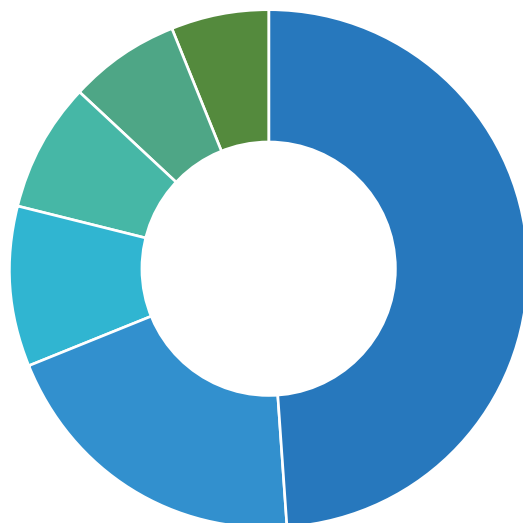
Supports nonprofit healthcare and research facilities, housing and healthcare services, and pensions.

Low-Carbon Transition (8%)

Supports renewable energy, energy efficiency and green buildings, sustainable cities, sustainable forestry and conservation, and corporate green and sustainability bonds.

Non-Housing Asset-Backed Securities (6%)

Supports commercial mortgage-backed securities, auto loans, and other asset-backed securities that meet Domini's Impact Investment Standards.



Impact Highlights

\$16.7 million

Invested in green & sustainability bonds (labeled & unlabeled)

\$1.1 million

Invested with Community Development Financial Institutions

Investment Highlight: USAA Capital Corporation

The Domini Impact Bond Fund is invested in a sustainability bond issued by USAA Capital Corporation, a financial services company that offers auto, renters, homeowners, rental property, flood, life, and motorcycle insurance, as well as credit cards, home mortgages, personal loans, retirement planning, and investment services to military members, veterans, and their families. The Sustainability Bond will finance or refinance projects of United Services Automobile Association (USAA) or any subsidiaries that have social and/or environmental benefits, including **investments in low-income housing properties, clean transportation loans for the purchase of new vehicles (including battery electric, plug-in hybrid, or hybrid electric vehicles), loans for renewable energy from wind or solar, and COVID-19 relief**. Investments for COVID-19-related relief may include measures to alleviate financial burdens on USAA members through fee waivers, mortgage payment and consumer loan deferrals, and waivers of deductibles and co-payments related to testing or treatment of illness related to the COVID-19 virus.

1. Based on portfolio holdings as of 6/30/20, excluding cash & cash equivalents, cash offsets, futures, swaps and options with the exception of short-term U.S. Agency bonds and Certificates of Deposit, which are reflected in this reporting. Numbers may not sum to totals due to rounding. The composition of the Fund's portfolio is subject to change. Visit www.domini.com to view the most current list of the Fund's holdings.
2. "Corporate Debt" includes general-obligation corporate bonds, bank loans, and corporate debt not classified under other themes.

Before investing, consider each Fund's investment objectives, risks, charges and expenses. Contact us for a prospectus containing this and other information. Read it carefully.

The Domini Funds are not bank deposits and are not insured. Investment return, principal value, and yield will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You may lose money.

The Domini Impact Equity Fund is subject to market, recent events, impact investing, portfolio management, information, and mid-to large-cap companies risks. The Domini Impact International Equity Fund is subject to market, recent events, impact investing, portfolio management, information, and mid-to large-cap companies risks. The Domini Sustainable Solutions Fund is subject to market, recent events, sustainable investing, portfolio management, information, mid- to large-cap companies, and small-cap companies risks. Investing internationally involves special risks, such as currency fluctuations, social and economic instability, differing security regulations and accounting standards limited public information possible changes in taxation, and periods of illiquidity. The Domini Impact Bond Fund is subject to market, recent events, impact investing, style, information, interest rate, and credit risks.

As of 6/30/20, these securities represented the following percentages of the Domini Impact Equity Fund's portfolio: Amazon.com (6.16%), Bank of America (0.97%), Chipotle Mexican Grill (0.15%), The Gap, Inc. (0.02%), Nike (0.64%), Pepsi (0.96%), Pluralsight, Inc. (0.26%), Sanofi ADR (0.58%), Vertex Pharmaceuticals (0.40%). These securities represented the following percentages of the Domini Impact International Equity Fund's portfolio: adidas AG (0.71%), Eisai (<0.01%), Hennes & Mauritz (1.43%), Kurita Water Industries (0.15%), Novartis International AG (3.95%), Orange SA (1.26%), Sanofi (1.74%). These securities represented the following percentages of the Domini Impact Bond Fund's portfolio: Amazon.com (0.31%), Bank of America (0.58%), USAA Capital Corporation (0.41%). These securities represented the following percentages of the Domini Sustainable Solutions Fund's portfolio: Kurita Water Industries (2.12%), Pluralsight, Inc. (2.70%). The following companies were not held by any of the Domini Funds: Next plc. The following companies were not approved for investment and therefore not held by any of the Domini Funds: Facebook, FedEx.

Nothing herein is to be considered a recommendation concerning the merits of any noted company, or an offer of sale or solicitation of an offer to buy shares of any Fund or company referenced herein. Such offering is only made by prospectus, which includes details as to the offering price and other material information.

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