

FOREST PROJECT UPDATE

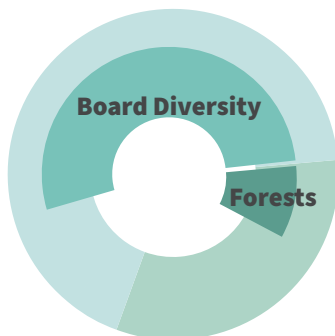
Our work on forests continued this quarter with significant research, corporate outreach, and public policy advocacy. Read more about our work and about why we've chosen to focus on forests as a key source of value creation for our portfolios and our world. *(Pages 2-4)*

ALSO INSIDE

- **Diversity in the Boardroom:** How we continue to promote diversity and push for greater representation of women on corporate boards. *(Page 5)*
- **Health and Safety:** How we are working with companies to reduce their risks related to gun violence, private prisons, and opioids. *(Page 6)*
- **Standing Up for Workers:** Why we are calling on retail and apparel companies to increase workforce disclosure. Plus, how we are combating sexual harassment in the workplace and promoting protections for U.S. migrant farmworkers. *(Page 7)*
- **Our Standards & the UN SDGs:** How our standards lead us to investments that support Sustainable Development Goals 7, 11 and 15. *(Pages 8-10)*
- **Community Investing:** An overview of how our fixed-income investments positively impact communities. *(Page 11)*



ENGAGEMENT BY THE NUMBERS



Engagements by topic

- Universal Human Dignity
- Ecological Sustainability

Our third-quarter engagements reached

361 U.S. Companies &
109 Non-U.S. Companies

We also signed onto

7 Public Policy Statements

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.

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DOMINI FUNDS 2018 IMPACT REPORT

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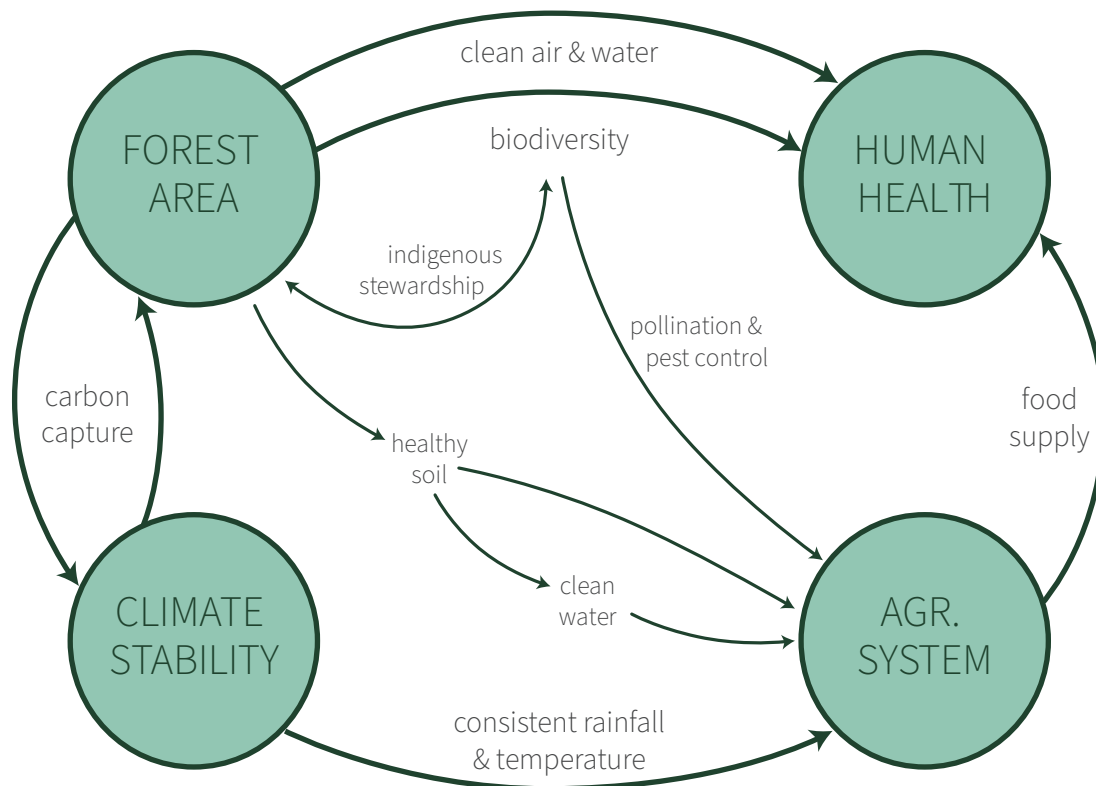
WHY FOCUS ON FORESTS?

This summer fires raging in the Amazon drew international attention and concern. Many of those **fires were set intentionally to clear the land for farming purposes.**¹ Ironically, the continued loss of the Amazon represents a direct threat to the agricultural industry in Brazil and beyond. Yet, deforestation driven by industrial paper, pulp, palm oil, cattle and soy operations continue at an alarming rate.

Deforestation is the second largest source of carbon emissions after fossil-fuel combustion.² Forest loss may be approaching a tipping point beyond which the Earth's climate may move to a "hothouse" state.³ At the same time, **forests are a strong tool for combating climate change.** Forests sequester carbon in vegetation and soil and reforestation offers an effective and proven method to reduce carbon in the atmosphere.

Value-Creating Forest System

The chart below illustrates how forests naturally build value in a positive reinforcing cycle. Positive change in one area enhances the others. For example, a more stable climate leads to better and more predictable agricultural yields, reducing the need to clear forests for farmland. This leaves more forest area to sequester carbon, improving climate stability.



The Value of Ecosystem Services

Forests are sources of immense value. Ecosystems including forests contribute around \$125 trillion of value per year to the global economy.⁴ These services are linked to numerous environmental, social, and economic areas like human health, climate change, and sustainable agricultural systems that affect value in many different industries. Framework adapted from Constanza et al. (2017)⁵

ECOSYSTEM FUNCTION

Provisioning: Forests are sources of many goods, including **food, water, and wood**. Forests contribute about 1% of the global GDP through timber production and non-timber products, the latter which alone supports up to 80% of the population in many developing countries.⁶

Regulating: Healthy forests stabilize the environmental quality around them in many ways, from **moderating temperature and rainfall to protecting from disease and natural disasters** like flooding and landslides. For example, insects provide at least US\$57 billion in services to the U.S. economy each year, mainly through pollination.⁷

Supporting: Forests are responsible for some of the most basic processes that underlie other Earth systems, like **ensuring nutrients are recycled and providing a home for most of the world's species**.

Cultural: Forests are a key part of humanity's cultural imagination and have long been a space of spiritual respite.

ECOSYSTEM SERVICE

Production of food by forests
Fresh water from forests
Wood, fiber & ornamental resources
Genetic resources

Air quality regulation/purification
Climate regulation
Natural disaster & water regulation
Water purification & waste treatment
Erosion prevention
Soil formation and fertility
Pollination
Pest control & disease

Nutrient cycling
Habitat, biodiversity

Recreation & eco-tourism
Cultural diversity, spiritual & religious values

This is why Domini is working with a range of stakeholders to protect and create forest value.

DOMINI ACTS TO PROTECT FORESTS

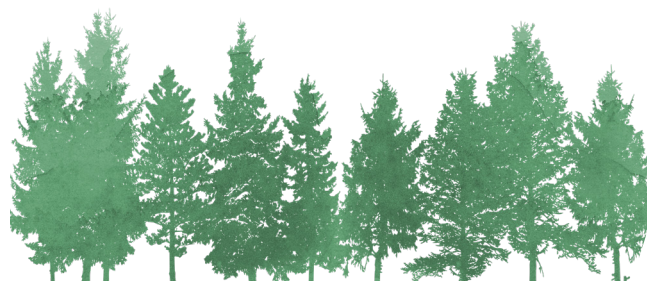
We are focused on supporting forests and the value they create while combating the root causes and fundamental drivers of deforestation. Domini seeks to **avoid investment in companies that engage in unsustainable deforestation.**

We raise awareness of the crucial functions of forests with corporations and industry partners and work to support solutions to forest loss.

To go beyond previous company and commodity-specific efforts to protect forests, we have **created a holistic long-term plan**, involving our research, engagement, communications, and strategy work to combat the core drivers of deforestation and move to a value-enhancing forest system.

We targeted companies that both impact and depend on forests in our first wave of outreach.

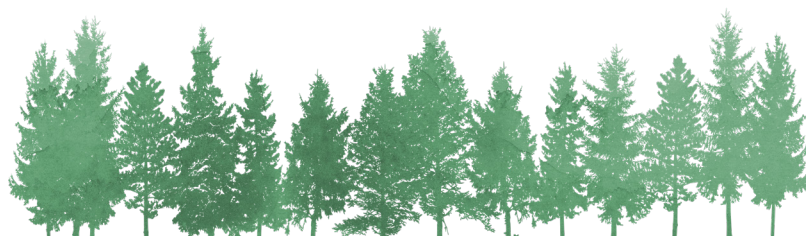
As part of that effort, this quarter we sent **letters to 47 domestic and international companies** in sub-industries that we identified as both “impacting and depending” on forests. We are engaging them in discussion about how they consider the value they obtain from forests, and how they can better work to steward it. We also seek to identify companies that have leading practices in forest and ecosystem value stewardship.



Good governance, including strong legal protections and enforcement, is key to sustainable forests. This quarter, **we organized investor support for the California Deforestation-Free Procurement Act**, AB572. The Act would require companies doing business with California to have policies, certification and public disclosure regarding deforestation and human rights. This disclosure would help investors identify companies that are fulfilling their zero-deforestation commitments.

We amplified our work on forests in a variety of venues, including in a **panel presentation to leading sustainable investing financial advisors** and in discussions with other key partners.

Finally, in response to the surge in fires in the Amazon rainforest this summer, we joined **230 investors representing over \$16 trillion in assets to call for urgent action on the fires in the Amazon**. It urged investors and corporations to take actions ranging from public statements to making commitments about supply chain practices.



DIVERSITY IN THE BOARDROOM

Earlier this year, we adopted a new proxy voting standard for diversity on boards: the Domini Funds **will oppose the election of some or all directors where women make up less than 40% of the board**. We apply the same standards for historically underrepresented ethnic and racial groups. It is one of the most ambitious standards in the industry, but we believe it is good for our companies, markets and society as a whole.

At this year's annual meetings we followed through on that commitment, voting against nearly two-thirds of directors that we considered (we do not vote against women or new candidates).

There is good evidence to support our position here. For years, research has shown a direct correlation between greater representation of women on boards and improved performance. Research has also shown more specifically that a "critical mass" of three or more women in the boardroom can cause a fundamental change and enhance corporate governance.⁸

Eyes on Japan

While most major international companies have made meaningful progress on adding women to their boards, Japan seriously lags the global trend. Women now make up 27% of directors in the S&P 500 (U.S. companies), yet the average representation of women on corporate boards in Japan is just 5%.⁹

Because of this, the Domini Impact International Equity Fund votes against the vast majority of director nominations in Japan. This proxy season, it **supported just 6% of Japanese directors nominated**.



We look for companies to integrate this as a best practice and work continually to meet higher thresholds of women on their boards.

As members of **The Thirty Percent Coalition**, we **participated in contacting 237 of the biggest companies in the U.S. with either one or no women on their boards**. This year our outreach expanded to raise issues around the representation of women from historically underrepresented groups. It is a multi-year collaborative effort that we are proud to be a part of and hope will result in continuing the trend of increasing women's representation in corporate boardrooms.

**S&P 500 Boards:
27% Women**

**Japanese Boards:
5% Women**

This quarter, we subsequently **reached out to 42 Japanese companies** held in the Fund's portfolio to explain our rationale and encourage them to adopt more ambitious goals for their nominating committees as well as internal corporate practices that would help elevate women and prepare more women for board and executive level positions. We have gotten a strong response from companies so far, but clearly, much remains to be done.

HEALTH AND SAFETY

Paying for Guns

Credit cards are often used to purchase weapons and ammunition that are used in mass atrocities. In our ongoing efforts to address gun violence, we partnered with First Affirmative Financial Network and a group of investors last quarter to engage companies that provide the financing to the makers, sellers and users of guns.

In one follow up conversation with a credit card company, we learned that it only has visibility into where people shop, not what they buy. We **discussed flagging some merchants like gun shows and working with their merchants to set higher standards for who can buy weapons and how.**



Mass Shootings: Livestreamed

In the mass shooting that occurred in Christchurch, New Zealand earlier this year, the shooter specifically designed his attack to leverage social media to reach as many viewers as possible. We joined the New Zealand Superannuation Fund and 80 other investors to engage **Alphabet (Google), Facebook* and Twitter about how they can and should work to prevent the livestreaming and distribution of this content.** These efforts support the global Christchurch Call, a set of voluntary commitments for governments, investors and society to collaborate to bring an end to violent and extremist content online.

Immigration, Private Prisons & Your Bank

Private prisons have been at the center of controversies from lobbying for harsher sentencing laws to locking up families at the border to human rights abuses in their facilities. We don't invest in them for those reasons. Investors working with financial companies to understand the risks involved in lending to private prisons enjoyed a major victory in which **8 major banks representing over 70% of the financing for private prisons, said they would stop doing business with the industry.** We worked with those investors to contact the next tier of mid-sized U.S. banks asking them to follow suit.

Confronting the Opioid Epidemic

Last year, we co-filed a proposal at Walgreens Boots Alliance to request reporting on changes the company has made since 2012 to more effectively monitor and manage risks related to the opioid crisis. We spoke to the company about the steps it had taken to address our concerns, including improving its disclosure and oversight on the issue. While we appreciate these efforts, **we remain concerned and believe more accountability is necessary.** We co-filed another proposal this year that addresses how its executives are compensated when this type of scandal arises.



*Not approved for investment by the Domini Funds as of 9/30/19

STANDING UP FOR WORKERS

Transparency is Key

"Our people are our greatest asset" is a common corporate platitude, yet investors have limited information about how companies are taking care of their workforces. This is why we continue to work with the Workforce Disclosure Initiative (WDI) to improve reporting. The **WDI framework captures issues ranging from how migrant workers are recruited in Bangladesh to the turnover rate for frontline workers at U.S. retailers.** We have engaged retail and apparel companies about why we consider the reporting so important, both for treating people with dignity and respect and for the company's performance. We also shared these views as part of a WDI-hosted webinar for companies considering reporting.

Sexual Harassment at Work

Domini collaborated with investors to call for an **end to forced arbitration for sexual harassment claims.** This refers to a practice through which workers are required to forgo their right to take their employer to court or even to discuss the matter if they are sexually harassed or assaulted at work. These issues disproportionately affect low wage workers and women of color. Companies like Alphabet (Google) and Facebook have been quick to address these concerns and remove these dangerous clauses from its employment contracts. We hope others will follow.

Migrant Farmworkers

U.S. agricultural workers are especially vulnerable to abusive labor practices. We contributed to a comment to the Department of Labor to **strongly oppose its proposed reforms to migrant worker visa programs (H-2A visas) that would remove protections** regarding wages, housing and transportation.

AND MUCH MORE

Companies & Commitments

As part of ShareAction's Investor Decarbonisation Initiative, we asked 10 companies for commitments on using electric vehicles, renewable energy sources or improving energy efficiency. We also contacted 16 companies that have set science based targets for emissions reductions but are progressing too slowly towards those goals.

Lobbying on Climate

The EPA has been working to deregulate methane, despite the fact that it has 25 times the warming potential of carbon. Even the biggest oil and gas companies have opposed the change. We joined a coalition of investors representing over \$5.5 trillion in assets to publicly call on companies to defend existing regulations that limit methane emissions. We also made that ask of 33 specific companies. We worked with

another coalition to reach out to 47 of the biggest emitters to state our expectation that any lobbying on climate policy be aligned with goals of the Paris Agreement.

Engaging Amazon.com

This quarter, we contacted Amazon.com regarding the level and quality of its governance of ESG issues. We reached out to Amazon again with a group of investors to inquire about if and how their Code of Conduct for workers reflects human rights standards like the ILO and the UN Guiding Principles on Business and Human Rights.

Protecting Our Voice as Shareholders

We joined a letter to the SEC to discourage their proposal to limit our rights as shareholders. We also engaged with Pfizer directly about how they choose to handle shareholder issues around their annual meeting.



OUR STANDARDS & THE UN SDGS

In September 2019, the global climate strikes brought together millions of people from around the world in a call to action to address climate change. The sense of urgency behind this movement is an inspiring reminder for why Domini's Impact Investment Standards restrict investment in fossil fuel companies. We hope more investment firms will do the same.

By helping to pioneer the use of social and environmental standards in investment decision-making, we have pushed capital markets to become more supportive of sustainable development. This quarter, we highlight three investments that strongly support the United Nation's 2030 Agenda for Sustainable Development with a particular focus on issues that will be large players in the transition to a low-carbon future.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

DOMINI'S STANDARDS

We seek investments that promote the advancement of clean, renewable energy, including wind, solar and small-scale run-of-river hydroelectric. We invest in renewable-energy companies, including manufacturers of wind turbines and photovoltaic solar panels, as well as residential solar installers. We look for electric utilities to actively increase installed generation capacity from renewable sources, and for financial institutions to provide lending and insurance solutions for renewable power projects and assets. We also seek to support the resilience and sustainability of energy infrastructure, including investments that promote smart-meter, distributed-grid and energy-storage technologies. We also look to invest in labeled and unlabeled green bonds that finance renewable energy and energy efficiency projects.

INVESTMENT HIGHLIGHT

Vestas Wind Systems, a holding in the Domini Impact International Equity Fund, develops, manufactures, sells, and maintains wind power plants and wind turbines. In 2018, 100% of the company's revenue was derived from the sales of wind turbines and associated services. Recently, the company expanded its business to enter the solar power and storage business, where it supplies components needed to construct and maintain hybrid plants.





Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

DOMINI'S STANDARDS

With over half of the world's population living in urban areas and increasing urbanization expected to be a major demographic shift over the next few decades, private investment is needed to help finance a wide variety of public goods that are essential to meeting society's basic needs, including infrastructure, social welfare, education, health care, and waste management. We seek investments that support the provision of these public goods, especially in underserved communities. We are particularly committed to supporting access to affordable housing, climate-resilient infrastructure, low-carbon mass-transit transportation systems, energy-efficient buildings and facilities, pollution-control systems, and renewable energy assets. In all of these investments, we take into consideration the community impact of the projects we help finance. We also look for companies to balance their efforts to innovate and experiment with respect for the role of government in assuring the availability of public goods.

INVESTMENT HIGHLIGHT

Itron, a holding in the Domini Impact Equity Fund, is a technology and services company based in the state of Washington. The company is one of the world's leading providers of metering, data collection, and software solutions for nearly 8,000 utilities and cities worldwide. The **company's metering and Internet-of-Things technologies efficiently measure and manage energy and water usage, providing smart-grid solutions for smart-homes and smart-cities**. The company's solutions and data analytics help to address the unique challenges facing the energy, water and municipality space to improve decision making, drive resource efficiency, and address climate change.





Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

DOMINI'S STANDARDS

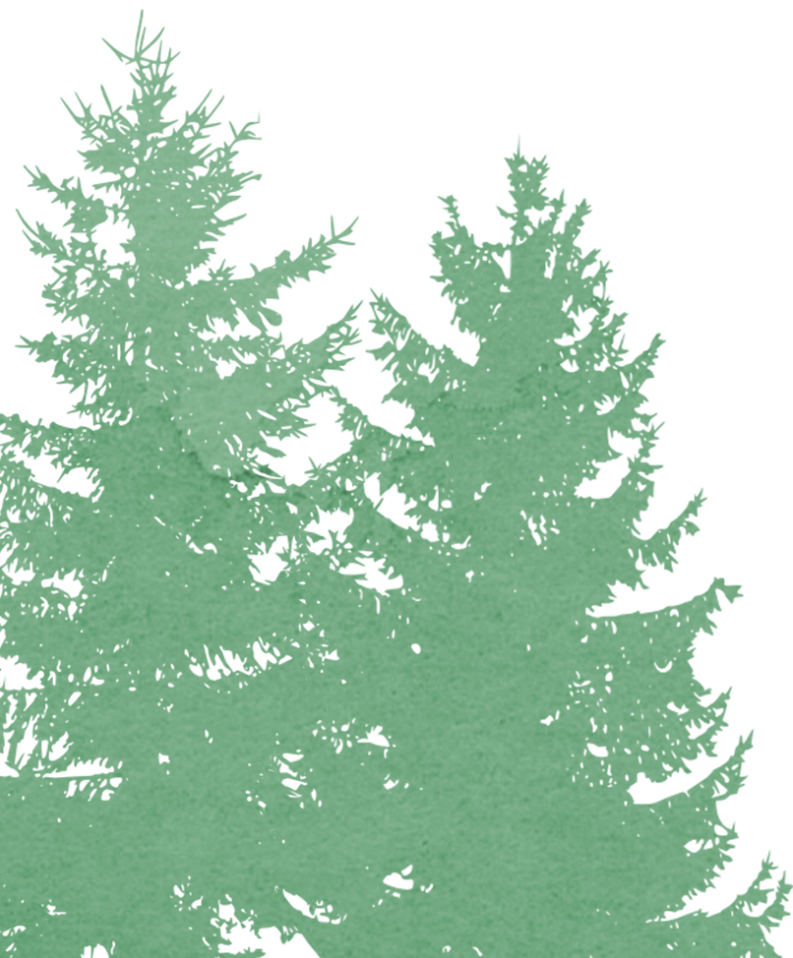
Deforestation is a key contributor to climate change and a threat to biodiversity and local and indigenous communities that depend upon forests for their livelihoods. We seek to avoid investments that support industrial agriculture and other environmentally intensive practices that can have detrimental impacts on land and water resources, including forests. Rather, we seek investments that promote the protection and preservation of forests, wildlife and ecosystems. We favor companies that integrate sustainable forestry practices into their global supply chains, such as using certifications for sustainable timber. We also look for companies to reduce pollution of air and waterways, understand and report on how their operations impact forests and local ecosystems, and responsibly manage relations with local and indigenous communities.

INVESTMENT HIGHLIGHT

The Conservation Fund is a nonprofit dedicated to protecting U.S. land and water resources through land acquisition, sustainable community and economic development, and leadership training. Since it was established in 1985, it has conserved more than eight million acres of land across 50 states.

The Conservation Fund's "Working Forest Fund" is dedicated to protecting at-risk forests by purchasing private working forests that are used to produce timber products and protecting them until permanent protections can be established for long-term preservation. During the period it owns a forest, the Fund implements a sustainable management plan that includes third-party verifications like the Forest Stewardship Council (FSC) and the Sustainable Forestry Initiative (SFI). It also develops a plan to protect wildlife and restore natural habitats. The Fund eventually resells the land once it ensures that it cannot be fragmented or used for unsustainable commercial development.

The Conservation Fund's Green Bond Framework includes land conservation and working forest protection as eligible green projects. This quarter, the **Domini Impact Bond Fund purchased a green bond issued to increase the scale of the Working Forest Fund, with proceeds dedicated to mitigating climate change, strengthening rural economies and protecting natural ecosystems.**





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 and sub-themes.

Domini Impact Bond Fund Theme Allocations¹

Access to Housing (54.2%)

Affordable Mortgage Credit & Rental Properties² (52.1%)

Multifamily Collateralized Mortgage Obligations (2%)

Corporate Debt³ (22.1%)

Corporate General Obligations & Bank Loans (22%)

Economic & Community Development (8.1%)

Farm Credit (2.3%)

Sovereign Debt (1.8%)

Municipal General Obligations (1.2%)

Transportation (1.2%)

Nonprofit Education (0.7%)

Water (0.4%)

Business & Job Creation (0.3%)

Community Development Financial Institutions (0.3%)

Health, Well-Being & Aging Society (5.4%)

Nonprofit Healthcare & Healthcare Education Facilities (3.4%)

Continuing Care Retirement Communities (1.7%)

Pensions (0.4%)

Environment (5.4%)

Low-Carbon Transition (3.5%)

Energy Efficiency (0.9%)

Sustainability Bonds (0.5%)

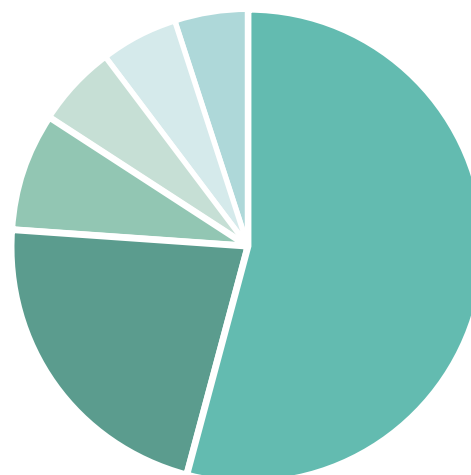
Land Conservation (0.5%)

Asset-Backed Securities (4.8%)

Commercial Mortgage-Backed Securities (3.9%)

Auto Loans (0.5%)

Other (0.5%)



Impact Highlights

\$28.8 million

in investments that support low- and very low-income housing, representing 7,288 units

\$10.8 million

invested in labeled & unlabeled green & sustainability bonds

1. Based on portfolio holdings as of 9/30/19, 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. "Affordable Mortgage Credit and Rental Properties" includes agency mortgage-backed securities (MBS), Delegated Underwriting and Servicing (DUS) bonds, To-Be-Announced (TBA) securities, and agency obligation bonds.
3. "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 and Domini Impact International Equity Fund are subject to market, market segment, foreign investing, impact investing, and style risks. The Domini Impact Bond Fund is subject to credit, interest rate, liquidity, impact investing, and market risks.

As of 9/30/19, these securities represented the following percentages of the Domini Impact Equity Fund's portfolio: Alphabet Inc. (4.26%), Amazon.com, Inc. (4.21%), Itron Inc. (0.44%), Pfizer Inc. (1.16%), Walgreens Boots Alliance, Inc. (0.24%). Vestas Wind Systems A/S represented 0.40% of the Domini Impact International Equity Fund's portfolio. These securities represented the following percentages of the Domini Impact Bond Fund's portfolio: The Conservation Fund (0.45%), Amazon.com (0.22%). Twitter, Inc. was not held by any of the Funds. Facebook, Inc. was not approved for investment by Domini and therefore not held by any of the Funds.

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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