

FIRST QUARTER 2010



Domini Reaches Agreement with Nucor on Slavery in Brazil

After a three-year engagement, we have reached an important and far-reaching agreement with Nucor, the largest steel producer in the United States.

Nucor is the largest buyer of Brazilian pig iron, a key ingredient in the manufacture of steel. In a 2006 cover story, *Bloomberg Markets* magazine opened a window into the small camps that produce the charcoal used to make pig iron, exposing a world of slavery, inhuman working conditions and illegal deforestation.

The Brazilian pig-iron industry is not the worst offender, and many — perhaps most — manufacturers do not use slaves. In addition, the problem suppliers are generally unknown to Nucor, lying several tiers down their supply chain. But Nucor's general counsel set the right tone when he said, "Any amount [of pig iron] that is sold with the use of slave labor is too much." Nucor announced it would monitor the government's "dirty list" of employers found to use slaves, and require its direct suppliers to certify that slaves were not used.

For three years, we worked to keep this issue in front of Nucor management, pressing the company for a more comprehensive and transparent system. In response, Nucor adopted a policy prohibiting forced labor in its supply chain, and published details for the first time about its response to slavery. We continued to believe that this system could be strengthened, however, and evidently other investors agreed — our shareholder proposal last year received a 27% vote.

This year, Domini and Nucor entered into a written agreement in exchange for the withdrawal of our shareholder proposal. Nucor will require its top-tier Brazilian pig-iron suppliers to either join the Citizens Charcoal Institute (ICC), or sign and adhere to the National Pact for the Eradication of Slave Labor.

The ICC is an association of Brazilian companies formed to combat slavery in their supply chains. Each ICC member has agreed to subject its entire supply chain to monitoring to ensure legal and decent working conditions. Nucor has agreed to become a financial patron of ICC, and ICC has agreed to open itself to new members for the first time. Hopefully, this will help to bring the project to scale.

Nucor suppliers that do not choose to become ICC members will be required to sign and adhere to the National Pact for the Eradication of Slave Labor, a multi-stakeholder effort involving the International Labor Organization and several Brazilian organizations representing civil society and business, including Reporter Brasil, a local human rights group with whom Domini has been in close contact. Signatories agree not to purchase from suppliers on the government "dirty list," and to allow independent monitoring of that commitment.

Nucor has agreed to publish annual progress reports on implementation of these policies. We are hopeful that our agreement will produce real change in Brazil and we commend Nucor for listening to, and addressing, our concerns. Nucor's new policies set an example we hope others will follow.

As of March 31, 2010, Apple, Coca-Cola, Google, International Paper, Microsoft, Nucor, Staples, and Yahoo represented 3.8%, 0.3%, 1.4%, 0.4%, 3.2%, <0.1%, <0.1%, and <0.1%, respectively, of the Fund's portfolio. The composition of the Fund's portfolio is subject to change.

New and Continuing Dialogues

Domini met with eight companies during the quarter:

- **Apple** (supply chain labor standards)
- **Coca-Cola** (bisphenol-a in consumer products)
- **Nucor** (slave labor in Brazil)
- **Google, Microsoft, and Yahoo** (Internet freedom)
- **International Paper** (sustainable forestry)
- **Staples** (PVC in consumer products)

We withdrew our proposal with International Paper when the company agreed to report annually on its sustainable forestry practices.

Secretary Clinton Praises Global Network Initiative

Domini is a founding member of the Global Network Initiatives (GNI), a coalition of human rights organizations, investors, academics, and companies working to develop effective responses to censorship and surveillance on the Internet worldwide. During the quarter, the GNI hired an executive director and seated a board of directors, on which Domini is represented.

In January, in an important speech on "Internet Freedom," **Secretary of State Hillary Clinton singled out the GNI**, stating that "The initiative goes beyond mere statements of principles and establishes mechanisms to promote real accountability and transparency."

2009 Highlights

As a shareholder in the Domini Funds, you make a difference in the world. Listed below are some of the ways that you made a difference in 2009. To read our quarterly Social Impact Updates and find out more about the shareholder advocacy efforts we conduct on your behalf, visit the Shareholder Activism section of our website, www.domini.com.

Celebrating 15 Years of Shareholder Activism

2009 marked the 15th anniversary of Domini's shareholder activism program.

Since 1994, we have filed more than 200 resolutions with more than 80 companies and engaged in numerous long-term dialogues with corporate management on a range of social, environmental, and governance issues.

Predatory Credit Card Practices: As part of a campaign against credit card practices that lock consumers in a deepening cycle of debt, Domini filed resolutions with **Bank of America** and **American Express**. Domini's resolution with Bank of America gained a vote of more than 33%. Among other suggestions, the resolution asked the company to end the practice of raising interest rates on customers who had not been delinquent in their payments. We were pleased to be able to withdraw our proposal at American Express after productive discussions with the company.

Domini Executive Selected for SEC Investor Advisory Committee: Domini's Managing Director and General Counsel was selected to join the Securities and Exchange Commission's newly formed **Investor Advisory Committee**. The 18-member committee was established to provide the SEC with the views of a broad spectrum of investors on the Commission's regulatory agenda.

Domini Urges Mandatory Corporate Sustainability Reporting: Domini worked with the **Social Investment Forum** on a proposal asking the SEC to require companies to produce an annual sustainability report using the **Global Reporting Initiative (GRI)** guidelines, the world's leading format for corporate sustainability reporting. Domini also joined other shareholders in a successful effort to ask the SEC to reverse its practice of allowing companies to exclude from their proxy statements proposals that ask companies to conduct a "risk evaluation" of a social or environmental issue.

Domini Seeks Disclosure of Corporate Political Contributions: In the fourth quarter of 2009, Domini filed shareholder proposals asking **AT&T**, **Goldman Sachs**, and **JPMorgan Chase** to fully disclose their political contributions.

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.

As of March 31, 2010, American Express, AT&T, Goldman Sachs, and JPMorgan Chase represented 0.6%, 2.9%, 0.9%, and 2.4%, respectively, of the Fund's portfolio. Bank of America was not held by the Fund at the end of the period. The composition of the Fund's portfolio is subject to change.

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. The Funds' portfolios are subject to change.

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. Please read it carefully before investing or sending money.
DSIL Investment Services LLC, Distributor. 04/10

YOUR DOLLARS AT WORK FOR CHANGE

Domini can help you bring about positive change in three ways: by applying social and environmental standards to our holdings, by engaging the companies we invest in, and by directing capital to communities where the need is greatest.

By creating and applying standards of corporate behavior, we encourage transparency, spur demand for more information, and reshape the way the world thinks about corporations and their role in our lives.

By writing letters, meeting directly with corporate management, filing shareholder resolutions, and actively voting our proxies, we make the voices of our shareholders heard on a wide range of issues.

And by investing in underserved communities, we help low-income people buy homes, start businesses, and revitalize their neighborhoods. Domini also speaks out on public policy issues where we believe we can bring a unique perspective as a socially responsible investment firm.