



Fourth Quarter 2014

INVESTING FOR GOODSM

GETTING ON THE AGENDA

Each year, Domini submits shareholder proposals to corporations in the Domini Social Equity Fund's portfolio, requesting action on a broad range of issues. The majority of these proposals are filed in the Fall, to be voted on by all company shareholders in the Spring. This quarter, Domini submitted eleven shareholder proposals for the 2015 proxy season. We are serving as lead filer on eight and supporting other investors on the remaining three.

We view the shareholder proposal as an effective tool to open doors and place issues on the corporate agenda. Frequently, companies will respond with a request for dialogue to see what steps they could take to convince us to withdraw our proposal. We were pleased to be able to withdraw two proposals so far – one submitted to **Apple** on corporate tax avoidance, and a proposal to **MeadWestvaco**, which we withdrew when the company agreed to fully disclose its political contributions.

We also use the shareholder proposal to send a signal to a company that we are dissatisfied with the progress of our dialogue. We drafted a new type of proposal to encourage **Lowe's** to take action to protect honeybees and other pollinators that many scientists believe are threatened by a class of pesticide the company sells for use in backyard gardens. We were also frustrated by the progress of our conversations with **Southwestern Energy**, discussed on the reverse, and submitted a proposal to encourage the company to publish a long-awaited sustainability report.

In other cases, such as with **Avon**, the proposal can be used to open dialogue on an urgent issue. In this case, our proposal has prompted constructive conversations about deforestation and human rights abuses linked to palm oil production.

Company	Issue
Apple Inc (withdrawn)	Corporate Tax Principles
AT&T, Verizon Communications, MeadWestvaco (withdrawn), United Parcel Service **	Corporate Political Disclosure
Avon Products	Palm Oil
Chipotle Mexican Grill	Sustainability Reporting
Kraft Foods Group	Deforestation
Lowe's Companies	Sales of Pesticides Linked to Honeybee Decline
Energen **, Southwestern Energy **	Methane Emissions Reporting

**Domini is serving in a supporting role.

Climate Change-Methane Emissions

When natural gas is burned, it is far superior to other fossil fuels from a climate perspective. When methane, the core component of natural gas, is directly released to the atmosphere, however, it is a very potent greenhouse gas. It doesn't last as long as carbon dioxide, but during its time in the atmosphere, it traps far more heat. Some studies estimate that natural gas is no better than coal, on a life-cycle global warming potential basis, if the methane leakage rate is above 3.2%. It is therefore critical to ensure that natural gas producers are measuring and managing their methane emissions.

(continued on reverse)

Additional Dialogues

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

Microsoft

User Privacy

First Solar

Supply Chain Labor Standards, Political Lobbying

Costco

McDonalds

Sustainable Seafood

Advanced Micro Devices (AMD)

JP Morgan Chase*

General Sustainability Efforts

*Not currently approved for investment by the Domini Funds.



We believe that we can have a positive impact as shareholders by encouraging natural gas companies to reduce the amount of methane that is released into the atmosphere through venting or leakage. We have engaged in dialogue with **Southwestern Energy** for several years about hydraulic fracturing practices, methane emissions and public reporting. Despite a very candid dialogue, however, the company has lagged behind its peers in terms of public reporting. This quarter, we joined another investment firm in submitting a shareholder proposal seeking a public report on the company's efforts to reduce its methane emissions. We also submitted a proposal to **Energen** for the second year on this topic.

Financing Hate Groups: A recent *Southern Poverty Law Center* report prompted us to reach out to **Amazon**. SPLC's report focused on the financing of white supremacist organizations through online sales of music and other paraphernalia. Last year, we successfully convinced Amazon to stop selling certain semi-automatic weapons accessories that violate their policies. We reached out to the company to learn more about how it intends to respond to this report and to understand its policies regarding the sale of materials that expressly promote violence and bigotry.

DEFORESTATION: Deforestation is a significant contributor to global greenhouse gas emissions, as well as a threat to biodiversity and indigenous peoples. The production and exploitation of a handful of key commodities, including soy, paper and board, beef, sugar and palm oil, can be particularly destructive.

In exchange for withdrawal of our shareholder proposal in the first quarter, **Mondelez**, the maker of Fig Newtons, Oreos and Ritz crackers, agreed to include Domini on an 'informal investor forum', which would meet to discuss a variety of topics, including forestry. We participated in a call with the company in November to receive a detailed presentation of its palm oil implementation plan, published on its website in the Spring. We also spoke with **Pepsi** to discuss implementation of its recent palm oil commitments. Our conversations with both companies will continue.

Our proposal on palm oil sourcing to **Avon** has prompted constructive dialogue, but remains on the ballot for now. Our deforestation proposal at **Kraft** will go to a vote at the company's annual meeting in the Spring.

CORPORATE TAX AVOIDANCE: A responsible corporation should pay its fair share of taxes. We need more information to allow us to distinguish companies that are responsibly managing their international operations from those that are engaged in aggressive schemes to reduce or eliminate their tax payments.

We reached agreement with **Apple** to withdraw our shareholder proposal in exchange for a dialogue on these issues. We also spoke with executives at **American Express** and **Coca-Cola** during the quarter to understand their approach to global tax planning. We believe these conversations have helped to establish a good foundation for further dialogue.

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 learn more.

As of December 31, 2014, these companies represented the following percentages of the Domini Social Equity Fund's portfolio: AMD (<0.01%), American Express (<0.01%), Apple Inc. (5.27%), AT&T (1.18%), Avon (<0.01%), Chipotle (1.25%), Coca-Cola (<0.01%), Costco (<0.01%), Energen (<0.01%), First Solar (<0.01%), Kraft Foods (<0.01%), Lowe's (<0.01%), McDonald's (<0.01%), MeadWestvaco (<0.01%), Microsoft (4.05%), Mondelez (<0.01%), Pepsi Co. (0.84%), Southwestern Energy (0.61%), United Parcel Service (<0.01%), Verizon Communications (<0.01%). The composition of the Funds' portfolios is subject to change.

The Domini Funds are not insured and are subject to market risks, such as sector concentration and style risk. 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. Please read it carefully before investing or sending money.