Domini®
Investing for Good®

Domini Funds 2018 IMPACT REPORT

Thousands of starfish washed ashore.
A little girl began throwing them in the water so they wouldn't die.
"Don't bother, dear," her mother said, "it won't make a difference."

The girl stopped for a moment and looked at the starfish in her hand.

"It will make a difference to this one."

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Leading social & environmental research

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Committed to the promotion of diversity & inclusion

Dear Fellow Investors:

2018 marked a year of remarkable expansion for responsible and impact investing. We saw a veritable stampede into the field, as conventional asset managers, mutual funds, pensions and banks announced new offerings. At Domini, we launched an exciting and innovative new strategy for our domestic equity fund, designed to appeal to the classic impact investor, with an added emphasis on innovation and sustainability.

"Today, society demands more, shareholders demand more, and, increasingly, corporate management teams embrace the concept that they can be leaders in creating a more secure and pleasant future for all."

The continued growth of impact investing demonstrates two concepts: first, looking at the world with a sustainability lens helps to better understand market dynamics, and second, it makes a difference to people and the planet. These are the arguments that we at Domini Impact Investments have long been making, and we are grateful to see the message so broadly accepted. While so many new entrants to the field brings some competition, more importantly, it adds momentum to our mutual goals of universal human dignity and ecological sustainability.

In this report, we share with you our many accomplishments, both from actions we took over the course of the year and from creating a framework for positive change. This impact cannot be understated. Without our early work, it is fair to say that the demand for results that benefit all would not have emerged. During our early days the mission of Wall Street was simply to make money. To the extent that businesses admitted to having social impact, they pointed only to making jobs. Today, society demands more, shareholders demand more, and, increasingly, corporate management teams embrace the concept that they can be leaders in creating a more secure and pleasant future for all.

Your team at Domini thanks you for your participation in our efforts. We know that without you, our shareholders, we would be unable to deliver the many results reported on the pages that follow. We are grateful to you, hope you will share this report, and we are as determined as ever to demonstrate that the way you invest matters.

Very truly yours,

Carole Laible
CEO

Amy Domini
Founder & Chair

Domini Funds

We currently manage a family of three mutual funds for individuals and institutional investors seeking to meet their personal financial goals, while using their investment dollars to help build a more sustainable future for generations to come. We apply social and environmental standards consistently across all funds.

Domini Impact International Equity Fund

An equity fund that provides shareholders exposure to international stock markets through a diversified portfolio of mid- and large-capitalization companies in Europe, the Asia-Pacific region and emerging markets.

The Fund is managed through a two-step process:

- Domini analyzes the social and environmental performance of companies, seeking to build a better list of companies for the Fund's financial submanager to work with.
- Wellington Management, the Fund's financial submanager, constructs and manages a portfolio of Domini-approved companies through a disciplined and systematic stock-selection process.

Domini Impact Equity Fund

An equity fund that provides shareholders core exposure to the U.S. stock market through a diversified portfolio of primarily mid- and large-capitalization U.S. companies.

- Domini makes all security selections and investment decisions, combining two unique investment strategies:

  U.S. Core: Approximately 90% of the Fund is allocated to a large, diversified selection of companies that demonstrate strong social and environmental performance relative to their peers.

  Thematic Solutions: Approximately 10% of the Fund is allocated to a concentrated selection of high-impact companies addressing key sustainability challenges.

- SSGA Funds Management, the Fund's submanager, is responsible for trading and cash management.

Domini Impact Bond Fund

A fixed-income fund that provides shareholders the opportunity to help build healthy communities through an investment-grade bond portfolio that directs capital to where it is needed most.

The Fund is managed through a two-step process:

- Domini sets guidelines for each fixed-income asset class and creates an approved list of securities using proprietary social and environmental standards and research.
- Wellington Management, the Fund’s financial submanager, constructs and manages a portfolio of Domini-approved securities using proprietary analytical tools.

The Way You Invest Matters®

The field of impact investing has developed significantly over the past few decades. According to US SIF, at the start of 2018, **$12.0 trillion** in assets were invested in sustainable, responsible and impact investing (SRI) strategies across the United States—more than **one-fourth** of all assets under professional management and **18 times** the level of SRI assets in 1995. Although conventional asset managers and academics have more recently helped bring impact investing into the mainstream, it was a small group of principled investors—including Domini—who built the groundwork.

Despite early skepticism, we have shown that investment strategies that incorporate social and environmental standards can produce competitive returns. Now the question being asked is, "what impact do your investments have?"

With the growth of assets invested in the industry, change is occurring at a pace never seen before. Investors now lead initiatives to combat climate change, promote diversity and equality, advocate for sensible gun control, and much more.

By investing in the Domini Funds, you are part of this change.

We look forward to the day when impact investment strategies are no longer considered specialized but are simply the way everyone invests. This change begins with you.

Sustainable, Responsible and Impact Investing in the U.S.[1]

$12 trillion
in U.S.-domiciled SRI assets at the start of 2018

26%
of total assets under professional management

38%
growth in SRI assets between 2016 and 2018

18x
the SRI assets in 1995

Source: US SIF Foundation. Report on US Sustainable, Responsible and Impact Investing Trends 2018.

1. US SIF's calculation of total SRI assets includes assets in investment strategies that apply any environmental, social and governance (ESG) criteria in their investment analysis and portfolio selection, and/or filed or co-filed shareholder resolutions on ESG issues at a public traded company from 2016 through 2018.

Our Impact Investing Strategies

As responsible asset managers, our **objectives** are to serve our clients' financial well-being while preserving and enhancing the environment and society, and to measure and report, not only our financial results, but also our social and environmental impacts.

In pursuit of these objectives, we employ **three fundamental impact-investing strategies**. In the sections that follow, we cover how we used each to create positive impact during 2018:

Standards

As **investors**, we participate in capital markets using financial, social and environmental standards in all of our investment decisions.

How? Through industry-leading research guided by our Impact Investment Standards.

Community Investing

As **neighbors**, we seek to help build strong, sustainable communities by directing capital to where it is needed most.

How? Through fixed-income investments that help increase access to capital, create public goods and fill capital gaps.

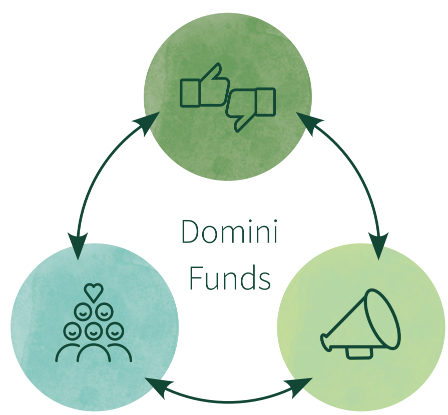
Engagement

As **owners**, we work with issuers, civil society organizations and policymakers to create financial, environmental and societal value.

How? Through the disciplined use of proxy voting, the filing of shareholder proposals, and participation in multi-stakeholder dialogues.

Each of our impact strategies supports and builds on the others. Collectively they shape our Fund portfolios and amplify the impact of our investments:

- Our social and environmental **standards** guide our investment decisions, our community investing goals, and our engagements with companies, fixed-income issuers and other stakeholders.
- By understanding the needs of **communities**, we can direct capital where it is needed most, helping to build healthy, empowered communities that demand more from companies and policymakers.
- Our **engagements** help us refine our standards by informing us about the social and environmental issues companies face, as well as the evolving needs of local, national and global communities.



Standards

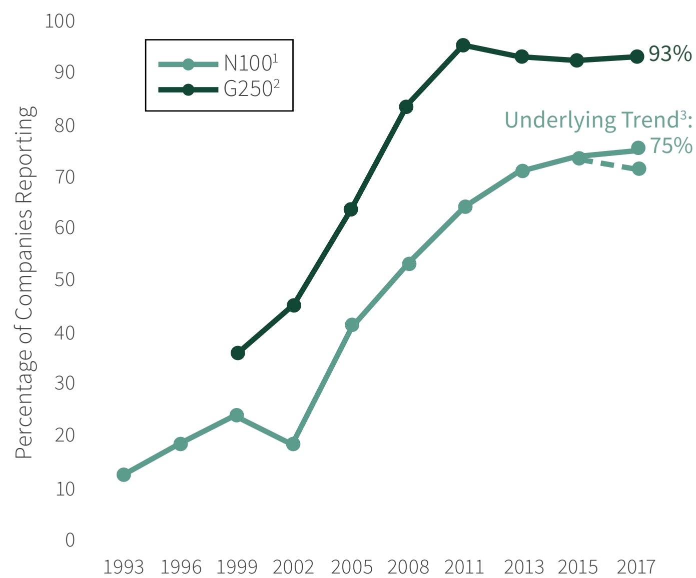
As **investors**, we participate in capital markets using financial, social and environmental standards in all of our investment decisions.

The Impact of Setting Standards

Transparency is critical to the growth of sustainable capital markets.

Standards developed and refined by impact investors over the past three decades communicated expectations and built demand for data on corporate social and environmental performance. When the Domini Impact Equity Fund was launched in 1991, only a small percentage of companies reported sustainability data. Today, not only do thousands of companies publish sustainability reports, but they are also increasingly appointing Chief Sustainability Officers to manage company-wide sustainability strategies overseen by their Boards of Directors.

Growth in Global Corporate Responsibility Reporting Rates



Source: KPMG International. *The road ahead: The KPMG Survey of Corporate Responsibility Reporting 2017*.

With growing pressure from investors, an increasing number of governments, regulators and stock exchanges are issuing rules and guidelines that require or encourage companies to disclose or report sustainability data. Recent years have also seen substantial growth in green and sustainable bond listings, providing investors with more opportunities to directly help finance projects that address climate change and promote long-term sustainability.

By monitoring and evaluating their investments to ensure that profit-making is consistent with our shared interests as a global community, investors are playing an important role in building a healthier and more sustainable world.

Global Corporate Responsibility Reporting

% of companies that...	N100[1]	G250[2]
Issue corporate responsibility reports	72%	93%
Include corporate responsibility information in their annual financial reports	60%	78%
Apply the Global Reporting Initiative (GRI) framework for their reporting	63%	75%
Acknowledge human rights as a business issue	73%	90%
Set carbon reduction targets	50%	67%
Link corporate responsibility activity to the UN SDGs	39%	43%

Source: KPMG International. *The road ahead: The KPMG Survey of Corporate Responsibility Reporting 2017.*

1. N100 refers to a worldwide sample of 4,900 companies comprising the top 100 companies by revenue in each of the 49 countries researched in the study.
2. G250 refers to the world's 250 largest companies by revenue based on the Fortune 500 ranking of 2016.
3. The underlying trend of 75 percent applies when looking at the same sample of countries in 2015 and 2017. The overall N100 rate in 2017 is 72 percent due to the inclusion of 5 new countries with relatively low reporting rates in the 2017 research.

"The greatest gift the socially responsible investor has given the planet is creating demand for baseline accountability."

-Amy Domini

Sustainability Reporting Regulation and Policy

- **383 sustainability reporting instruments[4] across 64 countries (out of 71 countries researched).**
  - 113% growth in the number of sustainability reporting instruments in 2016 versus 2013.
  - 6 sustainability reporting instruments per country with reporting instruments, on average.
  - 248 (65%) sustainability reporting instruments are mandatory.
  - 52 (81%) countries with reporting instruments have some form of government regulation on sustainability reporting.

Source: KPMG International, Global Reporting Initiative, United Nations Environment Programme, and Centre for Corporate Governance in Africa. *Carrots & Sticks: Global trends in sustainability reporting regulation and policy (2016 Edition)*.

Sustainable Stock Exchanges

- **78 global stock exchanges have joined the Sustainable Stock Exchanges (SSE) Initiative, committing to promoting sustainability reporting and transparency in capital markets.**
  - 39 SSE Partner Exchanges provide written guidance on ESG reporting.
  - 16 SSE Partner Exchanges have mandatory ESG listing requirements.
  - 15 SSE Partner Exchanges have added green or sustainability bond listing segments.
- 45,700 companies are listed on SSE Partner Exchanges.
- $81 trillion in market capitalization across SSE Partner Exchange-listed companies.

Source: Sustainable Stock Exchanges Initiative. *2018 Report on Progress.*

Green and Sustainable Bond Market

- **$1.45 trillion climate-aligned bond universe.**
  - $389 billion in labeled green bonds[5] from 498 issuers, of which 52 are fully- or strongly-aligned climate issuers.
  - $497 billion in issuance from 342 fully-aligned climate issuers.[6]
  - $314 billion in issuance from 82 strongly-aligned climate issuers.[7]
  - $250 billion in issuance from fully-aligned US Muni issuers.[8]

Source: Climate Bonds Initiative. *Bonds and Climate Change: The State of the Market 2018*.

4. "Sustainability reporting instruments" include regulations, codes of conduct, guidance, standards, government action plans, strategies and national schemes issued by governments, financial market and industry regulators, stock exchanges, and others to either require or encourage organizations to report, or disclose, sustainability-related information.
5. "Green bonds" defined as bonds issued in order to raise finance for climate change solutions and labeled as green by the issuer. They can be issued by governments, banks, municipalities or corporations and can be applied to any debt format, including private placement, securitization, covered bond and sukuk.
6. "Fully-aligned climate issuers" defined as bond issuers that derive >95% of revenues from climate-aligned assets and green business lines.
7. "Strongly-aligned climate issuers" defined as bond issuers where 75%-95% of revenues are derived from climate-aligned assets and green business lines.
8. "Fully-aligned US Muni issuers" defined as Municipal bond issuers from the United States, in particular dedicated authorities, agencies, departments and similar divisions with more than 95% of their revenue derived from climate-aligned water, transport, waste, land use and renewable energy operations.

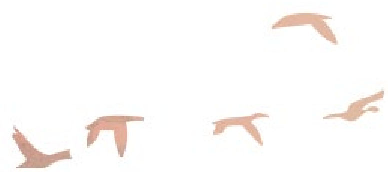
Our Impact Investment Standards

Impact investors understand that the investments we make today will shape the world we live in tomorrow. By applying social and environmental standards, we believe we can identify strong long-term investments, as well as sources of opportunity and risk often overlooked by conventional financial analysis, while also helping to create a more just and sustainable economic system.

Our **Impact Investment Standards** are the foundational framework that guide our research and analysis. While many investment managers offer select funds that apply certain specific social or environmental standards, we apply our standards consistently across all our funds because we believe it is how all investing should be done.

We seek investments that promote long-term environmental sustainability, as well as universal values of fairness, equality, justice and respect for human rights. Ultimately, our standards are underscored by two fundamental goals:

Universal Human Dignity & **Ecological Sustainability**.



READ OUR IMPACT INVESTMENT STANDARDS

at ***www.domini.com***

How Do We Evaluate Companies?

Our first step in determining whether a company is eligible for investment is evaluating if its core **business model** is aligned with our twin goals of universal human dignity and ecological sustainability. As discussed on the following page, our exclusionary screens may lead us to eliminate certain industries altogether. At the other end of the spectrum, some businesses, like distributing renewable energy or manufacturing vaccines are fundamentally aligned with our objectives. However, most decisions are not as straightforward.

The second step in determining whether a company is eligible for investment is evaluating its relations with **key stakeholders**: ecosystems; local, national and global communities; customers; employees; suppliers; and investors. Our Impact Investment Standards focus on key themes that we believe best capture the strength of a corporation's relations with each of these stakeholders.

We believe that companies will succeed and prosper in the long run when they:

- Enrich the ecosystems on which they depend
- Contribute to their local, national and global communities
- Produce high-quality, safe and useful products and services
- Invest in the well-being and development of their employees
- Strengthen the capabilities of their suppliers
- Communicate transparently with their investors

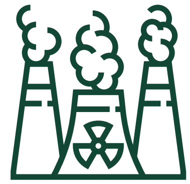
Exclusionary Screens

As investors, we acknowledge that no company is perfect. However, we have determined that there are certain lines of business that are **fundamentally misaligned** with our goals of universal human dignity and ecological sustainability. We apply the following exclusionary screens across all our funds:

Weapons & Firearms

We have a longstanding policy to avoid investment in manufacturers of weapons, including military weapons and civilian firearms, which can be used to cause incalculable harm. We believe it is irresponsible to combine weapons manufacturing with the pressure to maximize profits.

Nuclear



We exclude companies involved in nuclear weapons production, as well as owners of nuclear power plants. We view the spread of nuclear power technology as tied to the proliferation of nuclear weapons, in addition to presenting significant risks to human health and safety, as well as the environment.

Oil & Natural Gas

We exclude companies in the energy sector involved in oil and natural gas exploration, production, storage, transportation, refining, marketing, and related services due to the urgent need to accelerate the low-carbon transition and address the environmental, social and financial risks of climate change.

Coal

We have never invested in coal-mining companies due to the associated human health and environmental concerns. We also seek to avoid electric utilities with a majority of installed capacity from coal and exclude any utility that has announced or begun construction on new coal plants following the Paris Agreement.

Tobacco, Alcohol & Gambling

We have never invested in companies that are significant manufacturers of tobacco products, alcoholic beverages, or significant providers of gambling goods and services. For these companies, effective marketing often means exploiting customers' addictions to their products or lack of awareness of potential risks.

In addition to these exclusionary screens, we also generally avoid **for-profit prison operators** due to civil and human rights concerns, as well as **manufacturers of synthetic pesticides and agricultural chemicals** due to environmental concerns.

2018 Standards Updates

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. They have provided us with a framework we have used to create and refine key performance indicators (KPIs) for evaluating investments across industries and asset classes. Our Impact Investment Standards have proven to be very durable since their first publication in 2005. However, this year we updated them to expand our exclusionary screens related to fossil fuels.

Evolution of Our Fossil-Fuel Standards

For many years, we have incorporated concerns about the environmental and social risks of fossil-fuel production into our investment decisions, as well as our engagements and public-policy work. We have never invested in coal-mining companies and have historically approved very few major integrated oil companies. Over the years, we gradually eliminated an increasing number of oil and gas exploration and production companies from our eligible investment universe before divesting from these companies altogether in 2015.

"As investors, we reject the 'business as usual' path. Our portfolios and our planet depend on it."

-Carole Laible

In September 2018, we further expanded our exclusionary screen on fossil fuels. Our Impact Investment Standards now restrict all companies in the energy sector, which also includes equipment and service providers, refiners and marketers, and storage and transportation companies.

We believe that, by reducing exposure to fossil fuels, we are positively positioning our funds for the long term. We also recognize that action to accelerate the transition to a low-carbon economy is increasingly urgent. Shortly after our decision to update our standards, the Intergovernmental Panel on Climate Change (IPCC) released a special report on global warming that underscores this urgency. The Paris Agreement under the United Nations Framework Convention on Climate Change calls for limiting global warming to well below 2 °C above pre-industrial levels, with an aspirational target of 1.5 °C, the level many scientists believe is necessary to prevent catastrophic climate change. The IPCC report examines the impacts of 1.5 °C global warming, as well as the emissions reduction pathways that are still available to stay within that target. Unfortunately, the news is less than encouraging. According to the report, in the absence of "large, immediate, and unprecedented global efforts to mitigate greenhouse gases," warming will reach 1.5 °C between 2030 and 2052.

Stabilizing global warming requires urgent action by both state and private actors to create unprecedented transitions across all aspects of society, including energy, transportation, and agriculture. Every pathway laid out by the IPCC includes cutting global fossil-fuel use in half in less than 15 years and eliminating them almost entirely within 30 years.

However, divestment is only part of the solution. **We expect companies across all industries to be actively addressing the effects of climate change and their role in the transition to a low-carbon future**. We will continue our long history of engaging with companies, non-governmental organizations and other investors to further climate action and improve management of climate-related risks. We encourage companies to set emissions-reduction targets, adopt renewable-energy and energy productivity goals, assess and plan for natural disaster scenarios, and enhance disclosure in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Key Performance Indicator Revisions

We have developed proprietary key performance indicators (KPIs) to help guide our social and environmental research for all asset classes and subindustries covered by our funds. When evaluating a company, our KPIs help us focus our analysis on the most important sustainability challenges and opportunities it faces, within the context of its business model and industry.

As industries evolve over time, it is important that we periodically revisit—and sometimes revise—our KPIs to ensure that we remain focused on the most relevant and meaningful information. **This year we implemented major KPI revisions for the automobile, pharmaceutical and healthcare equipment industries.**

Automobiles

Major shifts occurring in the Automobiles & Components industry prompted a recent review of our KPIs. The rapid pace of technological innovation and the transition to a low-carbon economy, combined with regulatory pressures and changing consumer demand patterns as the world increases efforts to address climate change, have created new risks and opportunities, leading many automakers to adapt their business models.

Among the many changes taking place in the industry are the move to more automated manufacturing, the rise of electric vehicles, the development of autonomous-driving technologies, and disruption from the rise of a sharing economy. These are long-term fundamental changes that are transforming the industry, requiring investors to adjust the lens through which they view automakers. In updating our KPIs to reflect these changes, we utilized a number of recommendations provided by peer groups and industry collaborators, including CDP, TCFD, and the Sustainability Accounting Standards Board (SASB).

Beyond revising the KPIs for our existing automobile subindustries, **we also introduced a new subindustry for advanced and alternative vehicles**, which we believe will play a critical role in addressing both short-term risks from regulatory and policy changes, such as increases in fuel-efficiency standards, and long-term risks and opportunities related to the low-carbon transition.

Health Care

We view the provision of health care as a public good and therefore believe it is important to carefully assess the role of publicly traded healthcare companies. This year, we made a number of revisions to our healthcare KPIs, including two prominent additions that call attention to the risks and opportunities related to antimicrobial resistance and the opioid epidemic.

Within the Pharmaceuticals, Biotechnology & Life Sciences industry, we look for companies to provide affordable, high-quality healthcare therapies and innovative products that address some of society's most significant healthcare challenges. We also expect them to maintain positive relationships with regulatory entities, public interest groups, and society at large. We favor companies that address unmet medical needs and help to fight diseases prominent in low and lower middle-income countries. **We positively consider sales from products that address World Health Organization (WHO) Blueprint priority diseases, WHO neglected tropical diseases, and other diseases prominent in these countries—such as AIDS, malaria and tuberculosis.**

Antimicrobial resistance—the ability of bacteria and other microbes to resist the effects of medication—represents one of the most serious threats to public health in the 21st century. Over the past several decades, overuse and misuse of antibiotics have caused bacteria to mutate at an unprecedented pace, leading to rising numbers of antibiotic-resistant bacteria against which modern medicine is ineffective. **This year, we added positive KPIs for sales of antimicrobial medicines, R&D for antimicrobial medicines, and programs to address antimicrobial resistance.** This is a serious threat to global public health, and we encourage companies to take action.

Within the Healthcare Equipment & Services industry, product quality and safety, marketing controversies, and ethics commitments all stand out as important KPIs in our evaluations. Public awareness of the opioid epidemic across the U.S. has grown significantly over the past few years, leading to a sharp rise in investigations and lawsuits at the local, state and federal levels. We have restricted many major opioid manufacturers from our investment universe for a number of years and currently do not approve the three principal U.S. drug distributors due to concerns with their handling of controlled substances. However, other companies have also played a role in the epidemic. Therefore, **we have added distribution management and regulatory violations as KPIs for companies with exposure to opioids in their value chain**. As awareness continues to grow, we are hopeful that companies will act to address the financial risks and moral concerns associated with this ongoing epidemic.

Standards in Action:
Domini Impact International Equity Fund

Our **Impact Investment Standards** help shape our investment portfolios. We believe they help us to identify companies that are better positioned for the future.

The Domini Impact International Equity Fund invests primarily in mid- and large-capitalization companies throughout Europe, Asia and around the world that meet our standards. Using social and environmental considerations in our investment process, we create a list of eligible companies that meet our standards. As of December 31, 2018, 55% of our international equity universe was considered eligible for investment. From this eligible list, Wellington Management, the Fund's financial submanager, constructs the Fund's portfolio using proprietary analytical tools.

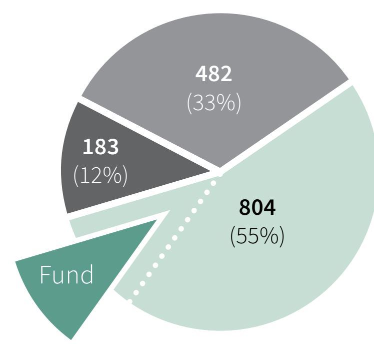
International Equity Universe

	Number of companies
Total international equity universe	1,469
Ineligible: Exclusionary screens	– 183
Ineligible: Do not meet our standards	– 482
Eligible	**804**

Fund Holdings

	Number of companies
Domini Impact International Equity Fund Portfolio[2]	**151**

International Equity Universe



Top Ten Holdings vs. Benchmark

Below are the Fund's top ten holdings as of December 31, 2018, alongside the benchmark's top ten holdings for comparison. Our standards have led us to approve only three of the benchmark's top ten holdings as eligible for investment.

Fund[2]	MSCI EAFE Index	Domini Funds Eligibility
1. Sanofi S.A.	1. Nestlé S.A.	Ineligible: Does not meet standards
2. Novartis International AG	2. Novartis International AG	Eligible
3. Nissan Motor Co., Ltd.	3. Roche Holding AG	Ineligible: Does not meet standards
4. Allianz SE	4. HSBC Holdings plc	Ineligible: Does not meet standards
5. Telefónica S.A.	5. Royal Dutch Shell plc (Class A)	Ineligible: Exclusionary screens
6. Sandvik AB	6. Toyota Motor Corporation	Eligible
7. Kering S.A.	7. Total S.A.	Ineligible: Exclusionary screens
8. Coca-Cola European Partners plc	8. BP plc	Ineligible: Exclusionary screens
9. AXA S.A.	9. Royal Dutch Shell plc (Class B)	Ineligible: Exclusionary screens
10. The Central Japan Railway Company	10. AIA Group Limited	Eligible

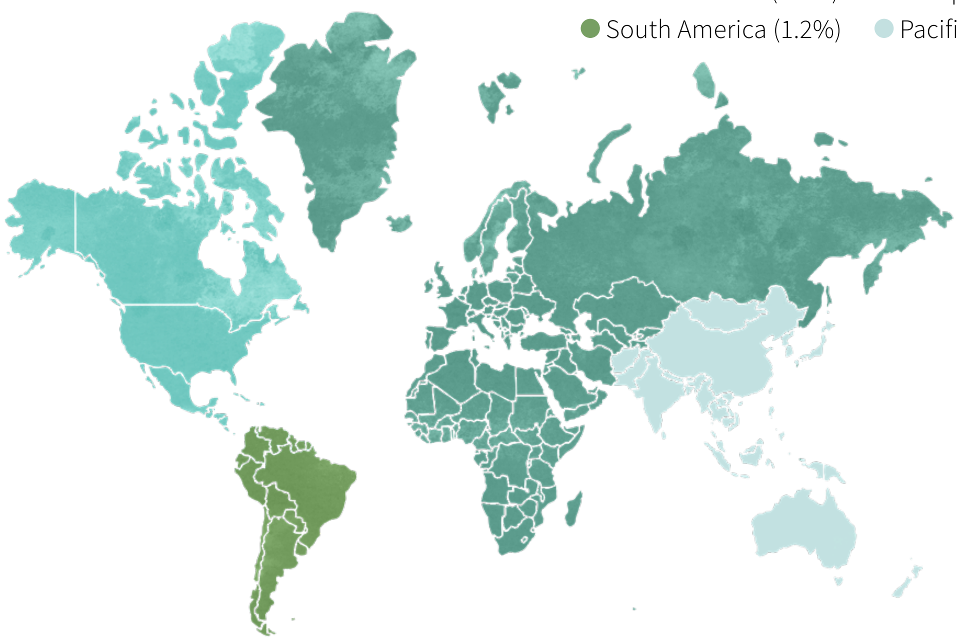
NOTE: All of the above information is as of December 31, 2018. Eligibility decisions and the composition of the Fund's portfolio are subject to change.

1. The Fund may invest a portion of its portfolio in eligible U.S. companies not included in the international equity universe count.
2. A company's inclusion and allocation within the Fund's portfolio are the result of Wellington Management's financial process and are not a reflection of its social and environmental merits relative to other eligible companies.

See page 82 for important Domini Funds holdings disclosure. The composition of the portfolios is subject to change. Visit www.domini.com to view the most current list of the Funds' holdings.

Domini Impact International Equity Fund

Geographic Distribution[1]



Allocations by Region

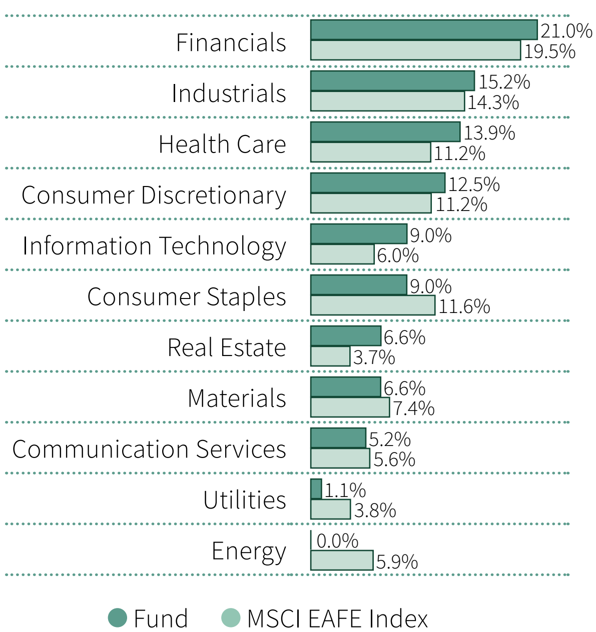
- North America (0.5%)
- Europe, Middle East & Africa (60.6%)
- South America (1.2%)
- Pacific Asia (37.6%)

Top Country Allocations

Japan	23.3%
France	13.4%
United Kingdom	12.6%
Switzerland	8.2%
Sweden	7.0%
Germany	5.8%
Netherlands	5.0%
Australia	4.9%
Spain	2.4%
Taiwan	2.0%
South Korea	2.0%
Singapore	1.8%
Hong Kong	1.7%
Belgium	1.6%
China	1.5%

Through the Fund, investors can contribute to the development of emerging-market economies. As of December 31, 2018, the Fund had an **8.5% non-benchmark allocation to emerging markets** in Taiwan, South Korea, China, Brazil, Mexico, Hungary, India, Jordan and South Africa.

Sector Distribution vs. Benchmark[2]



Carbon Footprint Benchmark Comparison

The Fund's portfolio was **59% less carbon intensive** than its benchmark, with 152.4 fewer tonnes of emissions per million dollars of sales. Of this difference, 113.1 tonnes can be attributed to the Fund's sector allocations, including its underweights to more carbon-intensive sectors like Utilities and Energy. The Fund does not invest in the Energy sector due to its exclusionary screens on fossil fuels and maintains a significant underweight to Utilities due to its nuclear exclusion and standards on coal generation. The remaining 39.3 tonnes can be attributed to the Fund's security selection, implying that, more often than not, the Fund selected less carbon-intensive companies for investment.

TCFD Carbon Intensity[3]

Fund: **107.4** tonnes per million $ sales

MSCI EAFE Index: **259.8** tonnes per million $ sales

NOTE: All of the above information is as of December 31, 2018

1. The Fund does not invest in every country shown on the map. It primarily invests in developed market countries in Europe and the Asia-Pacific region. As of December 31, 2018, investments outside of developed markets were limited to the emerging-market countries listed above.
2. Sector distributions are based on the Global Industry Classification Standard (GICS).
3. TCFD carbon intensity calculations were made using Bloomberg's Portfolio Carbon Footprint Tool. Carbon intensity is measured as tonnes of carbon dioxide equivalent emitted per USD millions in sales. The figures provided are the weighted averages of each company's carbon intensity by its allocation in the portfolio or index. The carbon data used is Scope 1 and 2 (as available) for fiscal year 2017, the most recent year for which data was widely available. Where companies do not report Scope 1 and 2 emissions, they are estimated using the median of reported figures within the same industry group. For the calculations provided, such estimates were used for 18.6% of the Fund's portfolio and 17.3% of the index.

Standards in Action:
Domini Impact Equity Fund

Our **Impact Investment Standards** help shape our investment portfolios. We believe they help us to identify companies that are better positioned for the future. The Domini Impact Equity Fund combines two unique investment strategies developed by Domini and designed to provide investors exposure to the U.S. economy through the lens of the classic impact investor.

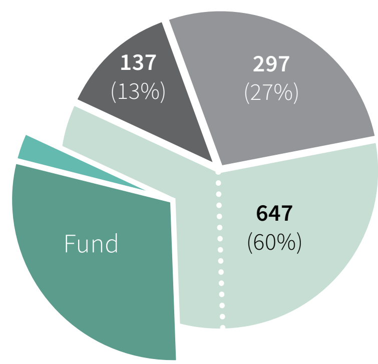
The **U.S. Core** strategy, which normally accounts for about 90% of the Fund's portfolio, invests primarily in mid- and large-capitalization U.S. companies that meet our Impact Investment Standards. Through the application of our social and environmental standards, we narrow down our equity universe to a list of eligible companies. As of December 31, 2018, 60% of our domestic universe was considered eligible for investment. From this eligible list, we construct the U.S. Core portion of the Fund's portfolio by selecting companies across industries that we determine demonstrate strong social and environmental performance relative to their peers.

The remaining 10% of the Fund's portfolio is allocated to the **Thematic Solutions** strategy, which invests in a concentrated group of companies across the market-capitalization spectrum that are addressing key sustainability challenges. Beyond meeting our Impact Investment Standards, these high-conviction investments must demonstrate social and environmental leadership and a commitment to innovation and diversity.

Domestic Equity Universe	Number of companies
Total domestic equity universe	1,081
Ineligible: Exclusionary screens	– 137
Ineligible: Do not meet our standards	– 297
Eligible	**647**

Fund Holdings	Number of companies
U.S. Core	317
Thematic Solutions	+ 31
Domini Impact Equity Fund Portfolio[1]	**348**

Domestic Equity Universe



Top Ten Holdings vs. Benchmark

Below are the Fund's top ten holdings as of December 31, 2018, alongside the benchmark's top ten holdings for comparison. Our standards have led us to approve only five of the benchmark's top ten holdings as eligible for investment.

	Fund[2]		S&P 500 Index	Domini Funds Eligibility
1.	Microsoft Corporation	1.	Microsoft Corporation	Eligible
2.	Apple Inc.	2.	Apple Inc.	Eligible
3.	Alphabet Inc. (Class A)	3.	Amazon.com, Inc.	Eligible
4.	Amazon.com, Inc.	4.	Berkshire Hathaway Inc.	Ineligible: Exclusionary screens
5.	Pfizer Inc.	5.	Johnson & Johnson	Ineligible: Does not meet standards
6.	Verizon Communications Inc.	6.	J.P. Morgan Chase & Co.	Ineligible: Does not meet standards
7.	Visa Inc. (Class A)	7.	Alphabet Inc. (Class C)	Eligible
8.	The Procter & Gamble Company	8.	Facebook, Inc.	Ineligible: Does not meet standards
9.	Bank of America Corporation	9.	Alphabet Inc. (Class A)	Eligible
10.	Intel Corporation	10.	Exxon Mobil Corporation	Ineligible: Exclusionary screens

NOTE: All of the above information is as of December 31, 2018. Eligibility decisions and the composition of the Fund's portfolio are subject to change.
1. The Fund may invest a portion of its portfolio in eligible companies outside of the U.S. that are not included in the domestic equity universe count.
2. A company's allocation within the Fund's portfolio is not a reflection of its social and environmental merits relative to other investments.

Domini Impact Equity Fund

Thematic Solutions

The Fund's Thematic Solutions strategy invests in **innovative, solution-oriented companies** that seek to:

Advance the **transition to a low-carbon future** through climate-change mitigation and adaptation solutions, including renewable energy, energy-efficient technologies, energy storage, and sustainable design.

Address **unmet medical needs** by improving and expanding access to health care, including innovative solutions for disease prevention, early detection, diagnostics and treatment, as well as reduced inequalities in women's care.

Support **sustainable food systems** through access to healthy and organic food, consumer nutrition and wellness, reduction of food waste, and support for small farmers and agricultural communities.

Broaden **financial inclusion** through increased access to capital and basic banking, lending and insurance services for traditionally underserved communities, as well as financial literacy programs.

Expand access to **affordable, quality education, training and communication services** to make information more broadly available and improve economic opportunities in underserved communities.

Contribute to the **development of clean, safe, sustainable communities** by supporting access to affordable housing, low-carbon transportation systems, and modern infrastructure.

Promote **diversity in leadership** through inclusive and responsible management and governance practices. Every Thematic Solutions company must have representation of women on its executive team and/or board of directors.

Sector Distribution vs. Benchmark[2]

	Fund	S&P 500 Index
Information Technology	29.8%	20.1%
Health Care	16.3%	15.5%
Consumer Discretionary	12.6%	9.9%
Financials	11.9%	13.3%
Communication Services	11.3%	10.1%
Consumer Staples	6.5%	7.4%
Industrials	6.2%	9.2%
Real Estate	3.1%	3.0%
Materials	1.9%	2.7%
Utilities	0.4%	3.3%
Energy	0.0%	5.3%

Carbon Footprint Benchmark Comparison

The Fund's portfolio was **68% less carbon intensive** than its benchmark, with 130.9 fewer tonnes of emissions per million dollars of sales. Of this difference, 123.5 tonnes can be attributed to the Fund's sector allocations, including its underweights to more carbon-intensive sectors like Utilities and Energy. The Fund does not invest in the Energy sector due to its exclusionary screens on fossil fuels and maintains a significant underweight to Utilities due to its nuclear exclusion and standards on coal generation. The remaining 7.4 tonnes can be attributed to the Fund's security selection, implying that, more often than not, the Fund selected less carbon-intensive companies for investment.

TCFD Carbon Intensity[1]

Fund:

62.3 tonnes per million $ sales

S&P 500 Index:

193.2 tonnes per million $ sales

NOTE: All of the above information is as of December 31, 2018

1. Sector distributions are based on the Global Industry Classification Standard (GICS).
2. TCFD carbon intensity calculations were made using Bloomberg's Portfolio Carbon Footprint Tool. Carbon intensity is measured as tonnes of carbon dioxide equivalent emitted per USD millions in sales. The figures provided are the weighted averages of each company's carbon intensity by its allocation in the portfolio or index. The carbon data used is Scope 1 and 2 (as available) for fiscal year 2017, the most recent year for which data was widely available. Where companies do not report Scope 1 and 2 emissions, they are estimated using the median of reported figures within the same industry group. For the calculations provided, such estimates were used for 36.6% of the Fund's portfolio and 34.7% of the index.

UN Sustainable Development Goals

In 2015, United Nations Member States universally adopted the **2030 Agenda for Sustainable Development**, an aspirational plan to spread peace and prosperity around the globe. The Agenda is organized around 17 Sustainable Development Goals (SDGs), which have been widely embraced by governments and civil society organizations, as well as a growing number of companies and investors. These goals aim to address broad global topics like poverty, climate, change, wealth and income inequality, and the sustainability of our oceans and forests—areas in which we have a long history of seeking impact. **At their core, the SDGs are inherently aligned with the fundamental goals we have pursued for over two decades: universal human dignity and ecological sustainability**.

In our continued efforts to align capital markets with our shared vision for a sustainable future, we welcome the structure and coordination provided by the SDGs. Each goal incorporates a number of high-level targets, and the UN has adopted the use of a global indicator framework to measure progress against those targets. It is important to note that this framework was developed to measure the progress of nations, but everyone has role to play. **Both public and private investment are necessary to achieve the SDGs**.

There has been significant demand for many non-state actors to tie their impacts to the SDGs. For example, KPMG's 2017 survey on corporate responsibility reporting found that 43% of the 250 largest Fortune 500 companies by revenue linked their corporate responsibility activity to the SDGs. There has also been growing momentum around use of the SDGs by investors. **We believe the SDGs can provide investors with valuable insights into the direction of the global economy and help them identify opportunities for long-term growth**. Investors may also be able to use the SDGs as a foundation to develop their own frameworks for measuring the impact of their investments.

LEARN MORE ABOUT THE SUSTAINABLE DEVELOPMENT GOALS

at ***sustainabledevelopment.un.org***

> If you believe that the global financial system has any impact at all on people and the planet, there is no better way to positively affect that dynamic than by applying standards.
>
> -Amy Domini

Our Support for the Sustainable Development Goals

Since their drafting stage, we have taken an active role in helping to shape and promote the SDGs. In 2012 and 2013, we were honored to represent a large global coalition of investors in meetings with UN delegates to advocate for the inclusion of corporate sustainability reporting in the SDG framework. **We were very pleased to see our request reflected in SDG target 12.6, which encourages companies "to adopt sustainable practices and to integrate sustainability information into their reporting cycle"** as part of the goal to "ensure sustainable consumption and production patterns." We believe the inclusion of this target serves as an important catalyst for encouraging corporate participation in the UN's sustainability agenda.

In 2017, **we joined other leading investors in signing the Stockholm Declaration**, which was co-led by the UN Global Compact, the Global Reporting Initiative (GRI), and the Principles for Responsible Investment (PRI). By signing the Declaration, **we reaffirmed our support for the SDGs and committed to using them as a framework in our investment approach**, including investigating possibilities of measuring impact related to the SDGs.

We have participated in numerous forums and panels with other investors and global stakeholders, including UN and government representatives, to explore strategies for engaging companies on the SDGs and moving the investment community to taking a holistic approach toward SDG integration. This year, **we also published an updated version of our Impact Investment Standards, showing how the SDGs overlap with our stakeholder themes**, which cover key issue areas and our goals for company behavior in relation to each stakeholder group.

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.

How the SDGs Are Reflected in Our Standards

We have a long history of seeking impact in many of the areas addressed by the Sustainable Development Goals, and we welcome the coordinated vision they provide. Below, we explain how each of the 17 SDGs are reflected in our Impact Investment Standards, which were first published in 2005. Through the application of our standards, we believe we can build SDG-aligned portfolios that support the strength and resiliency of our social, environmental and financial systems.

Goal 1: **End poverty in all its forms everywhere**

We seek investments that contribute to poverty alleviation and economic development by **filling capital gaps** and **increasing access to capital for underserved and disadvantaged populations**. We favor financial institutions that provide banking, lending and insurance services to those traditionally excluded by the mainstream financial community. These companies can help underserved communities grow long-term, inter-generational assets by improving **access to housing**, providing **affordable lending for small businesses** and entrepreneurs, **offering credit at affordable rates** to high-risk borrowers, **promoting retirement savings** and investments, and educating customers to **improve financial literacy**. We also seek to support public pensions and certain debt instruments of supranational entities and development banks that **direct capital to development projects in neglected regions**.

Goal 2: **End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

We seek investments that support the sustainability of our food systems by **promoting healthy, natural, and locally-grown food** and by **supporting small-scale farming** and agriculture. For food producers, we positively consider **sustainability certifications, including fair trade and organic** product lines. For food retailers and service providers, we look for standards related to **local sourcing**, **animal welfare**, and **GMO labeling and transparency**, as well as **programs to reduce food waste**. We also seek investments that increase access to capital for small farmers and support rural and agricultural communities.

3 GOOD HEALTH AND WELL-BEING

Goal 3: **Ensure healthy lives and promote well-being for all at all ages**

We seek investments that provide **affordable, high-quality healthcare therapies** and innovative products with the goal of addressing some of society's most significant healthcare challenges. This includes investments in companies that produce **preventative healthcare products like vaccines**, **focus on women's health care**, or devote a significant portion of **research and development to treatments for some of the world's toughest diseases**. We place great emphasis on sales from products that address WHO Blueprint priority diseases, WHO neglected tropical diseases, and other diseases prominent in low and lower middle-income countries—such as AIDS, malaria and tuberculosis. We also positively consider sales of antimicrobial medicines, R&D for antimicrobial medicines, and programs to address antimicrobial resistance. The depth and consideration of **access initiatives**, **responsible marketing**, and **pricing considerations** are all interconnected when it comes to the promotion of societal health. We expect healthcare companies to maintain positive relationships with regulatory entities, public interest groups, and society at large. We also seek investments that **support public and nonprofit healthcare systems to address unmet medical needs**.

4 QUALITY EDUCATION

Goal 4: **Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

We seek investments that promote **access to affordable, quality education** and **support public, non-profit education models** and **continuing education opportunities**. We seek to direct capital to projects for primary and secondary public-school facilities, as well as nonprofit universities. We especially favor investments that help **improve education or job training programs in economically disadvantaged communities**. We also look for opportunities to invest in companies that serve or partner with nonprofit education institutions by providing technologies and services that empower teachers and students and improve educational outcomes. We also look for companies who understand the importance of long-term investments in and the empowerment of their employees through **tuition reimbursement, ongoing training and skills development programs**.

5 GENDER EQUALITY

Goal 5: **Achieve gender equality and empower all women and girls**

While we continue to see progress on diversity across industries and geographies, women and racial minorities remain broadly underrepresented on corporate boards and management teams. We seek investments in companies that have strong **gender and racial diversity in leadership**, particularly at executive levels. We also expect companies to **promote diversity and inclusion** across all organizational levels and to **train employees on sexual harassment and discrimination**. We also look for initiatives to **address inequalities**, including strong disclosure practices and internal auditing to assess pay gaps. We look favorably on diversity across all industries as an indicator of the strength of a company's management, culture and **commitment to a just and equitable workplace**.

Goal 6: **Ensure availability and sustainable management of water and sanitation for all**

We seek investments in companies that play key roles in promoting public health by providing **affordable and safe drinking water** and **quality wastewater services**. We favor companies that have a record of handling today's pollution challenges effectively and without regulatory controversy, while also helping to develop more sustainable practices for the future. We also seek investments that **support sustainable, climate-resilient water infrastructure** and look to community relations as a key indicator for assessing investments in water utilities or public water authorities. We look for both public and private water utilities to provide **high-quality services at fair rates** and believe that efforts to maximize profits should not come at the expense of public access to clean, safe water.

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

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 **resiliency 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.

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

We seek investments that promote inclusive economic growth and employment. We expect companies to **ensure a living wage**, **support the health and safety of their employees**, and **create positive, productive work environments**. We support employees' **right to join a union and bargain collectively** for the terms of their employment, and we expect company management teams to maintain respectful, cooperative relations with unions. We also look for companies to adopt **inclusive non-discrimination employment policies** and **comprehensive labor standards for their suppliers** to help ensure global supply chains are free of abusive working conditions, including forced and child labor. We also seek investments that **support business and job creation**, especially in economically disadvantaged areas.

Goal 9: **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

We seek investments that help finance the construction and maintenance of essential, **climate-resilient infrastructure**, including roads, buildings, power supplies, and communication systems. Access to information and data is essential to economic development, so we especially favor investments that help **expand access to the Internet and wireless communications technology in developing markets**. We also look for companies that are **committed to research and development**, are effective in bringing **innovative products** to market, take due considerations in the management of their **product safety testing**, and appropriately recognize and manage the potential for failure or for harm of new products and technologies.

Goal 10: **Reduce inequality within and among countries**

We seek to address global inequalities through investments that **promote inclusive economic growth and employment**, regardless of gender, race, age, sexual orientation, disability, religion, economic class or background. We especially favor investments that **support social and economic development** in poorer regions of the world. We expect companies to have strong non-discrimination policies, as well as comprehensive labor standards for their suppliers that incorporate protections for all relevant human rights to **prevent labor abuses** and **ensure the ethical recruitment of migrant workers**. We also look for companies to **mitigate growing wealth and income inequality** by assuring all employees a **living wage**, **addressing pay gaps**, paying their **fair share of taxes**, and allocating resources toward **philanthropy** that enriches the communities in which they operate. We expect companies to maintain fair and equitable relations with all stakeholders, including open and honest communication with their investors. We also **support the regulation and monitoring of global financial markets**, as we believe open and transparent markets are essential to ensuring that society can equitably reap the value created by corporations.

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

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 appropriately balance their efforts to innovate and experiment with respect for the role of government in assuring the availability of public goods.

Goal 12: **Ensure sustainable consumption and production patterns**

We favor investments that promote sustainable consumption and production patterns and mitigate the environmental impacts of products and services. We seek companies that make substantial use of **recycled materials** in their manufacturing processes, that solve the challenges of **circular, closed-loop design**, that have found **nontoxic substitutes** for toxic chemicals used in manufacturing processes, and that are investing in making their products and services compatible with the ecosystems they affect. We look for companies to **reduce the environmental impact of packaging** and to **implement recycling and product take-back programs**. We also look for companies to **disclose and report on the environmental impacts** of their operations and production, as well as **resource-efficiency initiatives**.

Goal 13: **Take urgent action to combat climate change and its impacts**

We expect companies across all industries to be actively addressing the effects of climate change and their role in the transition to a low-carbon future. We seek investments in companies that **set emissions-reduction targets**, **adopt renewable-energy and energy productivity goals**, **assess and plan for natural disaster scenarios**, and **enhance disclosure in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)**. We seek investments in companies that are substantial users, producers, or developers of resources, products, and technologies that reduce the risks of climate change, and seek to avoid those whose products or businesses contribute most heavily to climate change. We seek to **promote alternatives to carbon-based fuels** and look for electric utilities to actively **transition to renewable energy sources**. We exclude companies in the energy sector involved in coal mining and oil and natural gas exploration, production, transportation, storage, refining and related services.

Goal 14: **Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

We seek investments in companies that **integrate sustainable fishing practices** into its business models. Billions of people depend on marine and coastal biodiversity for their livelihoods and their primary source of protein. Today, however, the oceans are under severe threat from climate change, toxic pollution and unsustainable fishing practices. These factors threaten both the continued availability of fish for consumption as well as the healthiness of the fish we consume. We seek investments in companies that work to **ensure that seafood in their supply chains is sustainably sourced**, tackle the challenges of **end-to-end traceability**, use a variety of **certifications such as MSC or ASC**, and join multi-stakeholder task forces and industry associations, to advance the dialogue on sustainable seafood sourcing practices and the promotion of healthy ecosystems. Additionally, we seek companies with **strong pollution controls** and **sound regulatory records**.

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**

Deforestation is a key contributor to climate change and a threat to biodiversity and indigenous peoples and local communities that depend upon forests for their livelihoods. There are many investments we avoid due to the environmental and human rights risks associated with deforestation. For example, environmentally intensive practices such as industrial agriculture can have detrimental effects on forests around the world. We therefore seek companies that **adopt and improve policies, practices and public reporting on forestry impacts**. We favor companies that **incorporate sustainable forestry practices within their global supply chains**, such as using certifications for sustainable timber like FSC. We also look for companies to **responsibly manage relations with local and indigenous communities** and deter potential human rights abuses.

Goal 16: **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

In a global economy, corporations benefit from international peace, security, and free trade. We look for companies to have **strong policies governing human rights, nondiscrimination, ethics, anti-money laundering, anti-bribery, anti-corruption, and lobbying**. Weak controls in these areas can have detrimental effects on peaceful and inclusive societies around the world, which is why transparency in these areas is crucial. We do not invest in business models that are antithetical to our shared goals of living in a peaceful and inclusive society, including military weapons and firearm manufacturers and for-profit prison operators. We also do not invest in the sovereign debt of nations with leading nuclear weapons arsenals and seek to avoid debt raised by governments with a history of corruption, as funds can be mis-allocated and misused at the expense of the nation and the well-being of its citizens. Conversely, we seek to invest in the debt of **nations that have democratic governments, protections on press freedoms, and strong governance related to human rights**, including active measures to prevent human trafficking and protect victims.

Goal 17: **Strengthen the means of implementation and revitalize the global partnership for sustainable development**

Standard setting is not a passive exercise. The process of putting principles into action begins with our **Impact Investment Standards**. Not only do our standards guide our investment decisions, but they also inform our engagement work. **We regularly participate in multi-stakeholder collaborations** with other with other investors and civil society organizations to share expertise and amplify our impact on key sustainability issues and gain additional insights into standards setting. We also **look for companies to actively participate in collaborative partnerships to gain better understanding of how they impact societies**, and listen to their communities' opinions and work together to achieve positive social and environmental outcomes.

Read more about our partnerships on page 80.

How Our Company Evaluations Support SDG Targets

Our standards guide our proprietary research framework and key performance indicators (KPIs) for all asset classes and subindustries covered by our funds. Each of the 17 SDGs includes a number of high-level targets. The UN's global indicator framework helps nations measure their progress toward achieving these targets, and our KPIs help us assess whether companies are doing their part. **Below, we highlight a relevant SDG target addressed by our KPIs for each industry**.

Industry	SDG Target Addressed by Our KPIs
Automobiles & Components	**3.6** By 2020, halve the number of global deaths and injuries from road traffic accidents
Banks	**8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
Capital Goods	**12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment
Commercial & Professional Services	**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Consumer Durables & Apparel	**8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
Consumer Services	**4.3** By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
Diversified Financials	**16.4** By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
Energy	**13.2** Integrate climate change measures into national policies, strategies and planning
Food, Beverage & Tobacco	**2.4** By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
Food & Staples Retailing	**2.1** By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
Health Care Equipment & Services	**3.D** Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks

Industry	SDG Target Addressed by Our KPIs
Household & Personal Products	**6.2** By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
Insurance	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Materials	**15.2** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
Media & Entertainment	**16.10** Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
Pharmaceuticals, Biotechnology & Life Sciences	**3.3** By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
Real Estate	**7.3** By 2030, double the global rate of improvement in energy efficiency
Retailing	**8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
Semiconductors & Semiconductor Equipment	**6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Software & Services	**4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
Technology Hardware & Equipment	**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
Telecommunication Services	**9.C** Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020
Transportation	**11.2** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Utilities	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix

Community Investing

As **neighbors**, we seek to help build strong, sustainable communities by directing capital to where it is needed most.

Investing in Communities

Community investing is one of our three principal impact-investing strategies, as we believe fixed-income investments are particularly well suited for addressing a wide range of economic disparities in our society.

The Domini Impact Bond Fund seeks to help build healthy and vibrant communities by directing capital to where it is needed most. When it was launched in 2000, it was one of the first fixed-income funds to incorporate social and environmental standards.

We believe a sound financial system is built on a foundation of fairness and equal opportunity. In our evaluations of fixed-income investments, we focus on three key goals to build a more sustainable and equitable society: increasing access to capital for those historically underserved by the mainstream financial community, creating public goods for those most in need, and filling capital gaps left by current financial practice.

Our Community Investing Goals:

- Increasing Access to Capital
- Creating Public Goods
- Filling Capital Gaps

Community Investing Themes

> A strong market depends on a healthy economy, which in turn depends on a healthy society.
>
> -Amy Domini

Domini Impact Bond Fund Theme Allocations[1]

Access to Housing (51.7%)
- Affordable Mortgage Credit & Rental Properties (49.0%)
- Multifamily Collateralized Mortgage Obligations (2.7%)

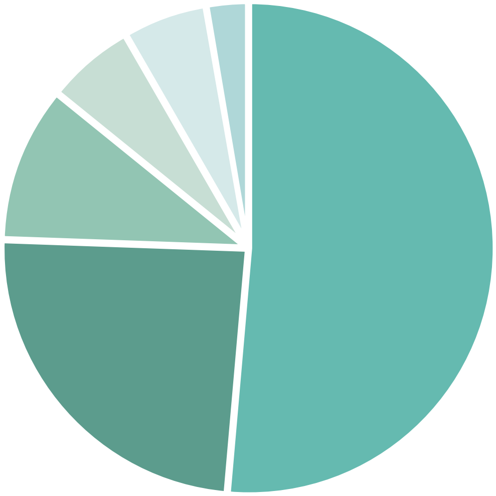
Corporate Debt[2] (24.0%)
- Corporate General Obligations & Bank Loans (24.0%)

Economic & Community Development (10.2%)
- Sovereign Debt (3.0%)
- Farm Credit (2.2%)
- Municipal General Obligations (2.1%)
- Transportation (1.3%)
- Nonprofit Education (0.9%)
- Business & Job Creation (0.3%)
- Community Development Financial Institutions (0.3%)

Health, Well-Being & Aging Society (5.9%)
- Nonprofit Healthcare & Healthcare Education Facilities (3.6%)
- Continuing Care Retirement Communities (1.8%)
- Pensions (0.4%)

Asset-Backed Securities (5.7%)
- Commercial Mortgage-Backed Securities (4.6%)
- Auto Loans (0.6%)
- Other (0.5%)

Environment (2.6%)
- Low-Carbon Transition (1.5%)
- Energy Efficiency (1.1%)



Impact Highlights

$24.3 million
in investments that support low- and very low-income housing, representing 7,187 units

$4.9 million
invested in labeled & unlabeled green bonds

$500,000
invested with Community Development Financial Institutions

1. Based on portfolio holdings as of 12/31/18, 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.
2. "Corporate Debt" includes general-obligation corporate bonds, bank loans, and corporate debt not classified under other themes. 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.

Access to Housing

Housing is one of the most basic of human needs and ensuring access is essential to creating a world of universal human dignity. However, housing can be extremely expensive. On average, Americans spent over a third of their annual expenditures on housing in 2017. For many, the option to own a house is out of reach. A 2017 analysis by the Pew Research Center found that more Americans are renting their homes than at any point in the last fifty years. The percentage of renters is particularly high among young adults (nearly two-thirds of households headed by people younger than 35 were renting) as well as non-white and less educated households. Whether they own or rent, every family and individual should have access to decent, safe, affordable housing. **Investors can help make this happen by directing capital toward investments that support a sustainable housing system**.

Affordable Mortgage Credit & Rental Properties

The Domini Impact Bond Fund seeks to improve access to housing through investments that fund agencies and programs supporting access to affordable mortgage credit and rental properties. **In keeping with our commitment to increasing access to capital for those historically underserved, the Fund has, since its inception, maintained a substantial, long-term commitment to affordable housing**.

Fannie Mae, a U.S. government-sponsored entity that provides financing to mortgage lenders, notes that one of the major challenges for affordable multifamily housing is the cost of energy in rental apartments, which are less energy-efficient and typically have higher energy expenditures than those in owner-occupied units. Energy efficiency is an important consideration for low-income families, particularly because monthly expenses attributed to housing and utilities continue to increase over time. Because of this, we particularly favor investments that finance low-carbon, sustainable construction and retrofits, such as securities issued by Fannie Mae's Green Financing program, which emphasizes green building criteria and energy- and water-efficiency systems.

Types of Fund investments that support affordable housing include:	Portfolio %
Agency Mortgage-Backed Securities (MBS) Bonds issued by the Federal National Mortgage Association (FNMA, or "Fannie Mae") and the Federal Home Loan Mortgage Corporation (FHLMC, or "Freddie Mac") that are backed by pools of residential mortgages for affordable housing properties	**16.4%**
Delegated Underwriting and Service (DUS) High-impact MBS issued by Fannie Mae to specifically finance low- and very low-income rental units[1]	**16.3%**
To-Be-Announced (TBA) Pass-through securities issued by the Government National Mortgage Association (GNMA, or "Ginnie Mae"), Fannie Mae and Freddie Mac that serve as a contract to purchase an unspecified MBS pool at a future date	**13.6%**
Agency Obligations General-obligation bonds that finance the operations of housing agencies	**2.7%**
TOTAL	**49.0%**

1. Low-income households are defined as households with below 60% of area median income. Very low-income households are defined as households with below 50% of area median income.

Investment Highlight: Fannie Mae DUS Bonds

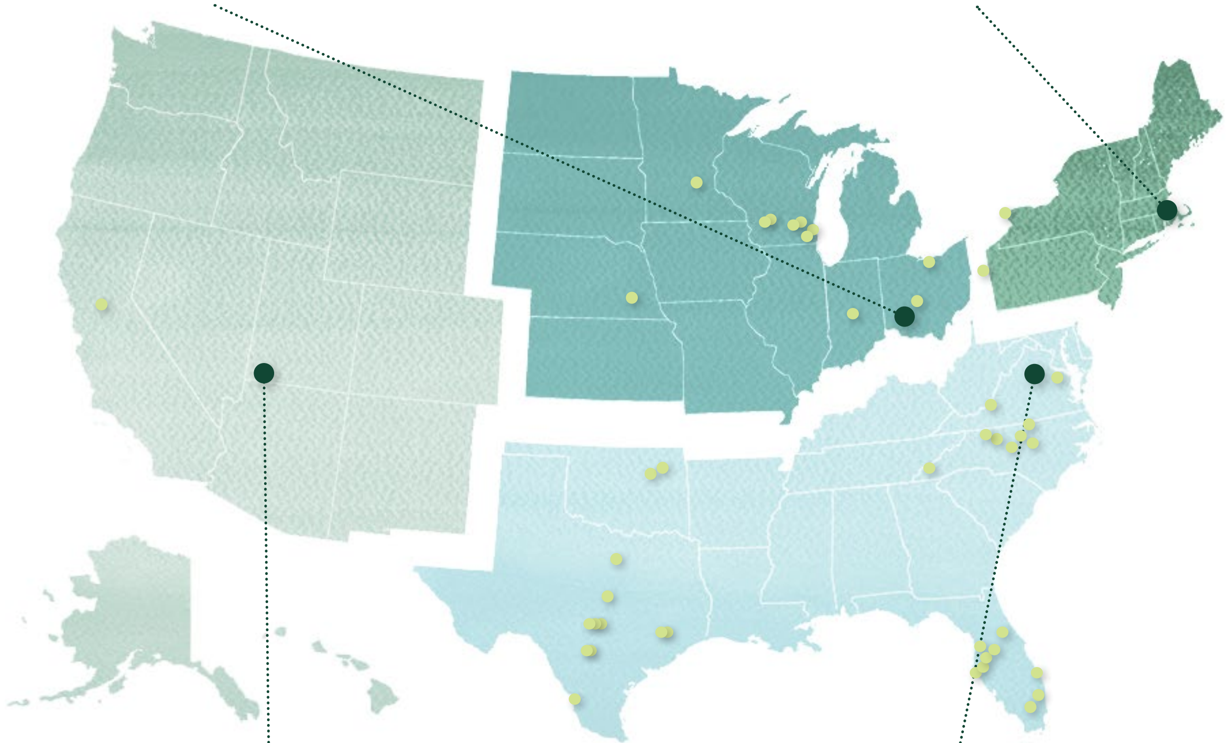
We consider MBS investments that finance low-income housing to be especially impactful. As of December 31, 2018, 16.3% of the Fund was invested in Fannie Mae DUS bonds, providing financing for **more than 7,000 low- and very low-income housing units** across the U.S. Many of these properties are funded in part by the Section 42 Low-Income Housing Tax Credit (LIHTC) program, which is designed to encourage private investment in affordable housing. Many also provide low-income senior housing or have contracts with the Department of Housing and Urban Development (HUD) to provide qualified tenants with Section 8 Project-Based Rental Assistance.

Below is a regional breakdown of the low- and very low-income housing communities across the U.S. that are supported by the Fund's DUS investments.

West: 251 units	Midwest: 1,737 units	South: 4,552 units	Northeast: 647 units
248 low-income units, including 86 very low-income units	1,652 low-income units, including 429 very low-income units	3,914 low-income units, including 977 very low-income units	508 low-income units, including 314 very low-income units

Creekside Townhomes in Dayton, OH
500 units (all low-income units)

Chatham West II in Brockton, MA
270 units (220 low-income units, including 68 very low-income units)



Desert Rose in St. George, UT
66 units (65 low-income units, including 16 very low-income units)

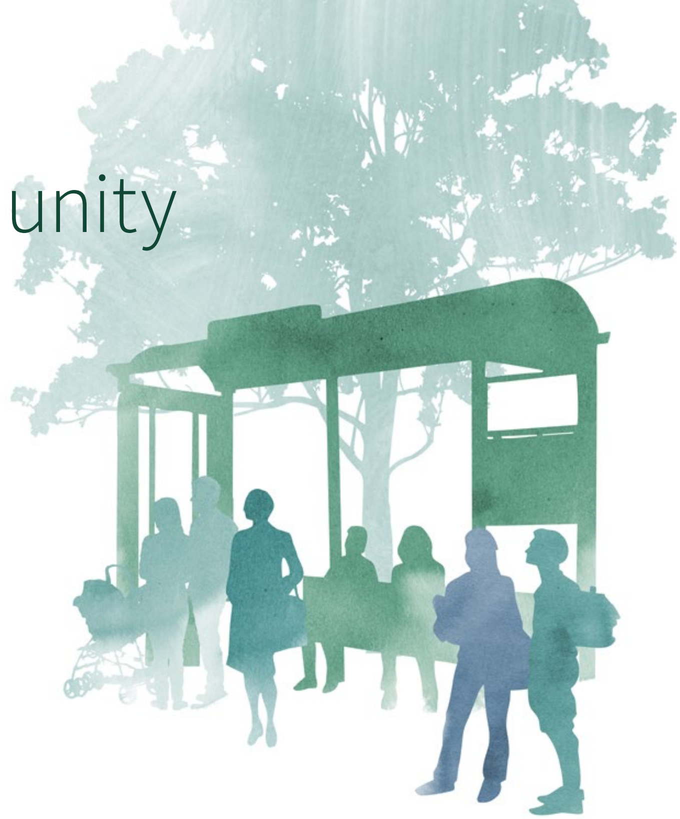
Oakbrook Terrace in Orange, VA
80 units (all low-income units, including 8 very low-income units)

Part of Fannie Mae's Green Financing program

Multifamily Housing CMOs

The Domini Impact Bond Fund also purchases collateralized mortgage obligations (CMOs) backed by loans for the **acquisition, refinancing or moderate rehabilitation of multifamily housing communities** across the country. These structured securities pool together mortgages for a wide range of multifamily housing properties, including apartment buildings, mobile home parks, student housing, and continuing care retirement communities.

Economic & Community Development



Healthy, vibrant communities foster economic opportunity. **Investors play a vital role in community development by directing capital towards the building blocks of economies, including schools, infrastructure, transportation systems, and businesses**. These systems provide the foundation on which healthy communities grow. By directing capital to development projects, as well as the agencies that fund them, investors can contribute to the sustainability of these systems and help foster economic opportunity for generations to come.

Nonprofit Education

Quality education is one of the most fundamental and foundational elements of healthy economies. Educated communities have access to more economic opportunities and are the driving force behind innovation and sustainable development.

The Domini Impact Bond Fund seeks to support access to education through investments that provide financing to public school districts, either through local municipalities or state-level agencies, as well as investments that support higher education institutions. We especially favor bonds issued by education institutions serving marginalized and low-income communities, and look to support technical and vocational programs, as well as public libraries. We seek to avoid for-profit education models that may not be aligned with the long-term goal of universal access to quality education. For example, many private and for-profit institutions provide questionable quality of education and charge high tuition fees that can result in overburdened student-loan debt.

Investment Highlight: New Jersey Economic Development Authority

The New Jersey Economic Development Authority (NJEDA) is an independent State agency that seeks to strengthen New Jersey's economy and revitalize local communities by bridging financing gaps and providing financial assistance to small and medium businesses and nonprofit organizations.

NJEDA has a broad portfolio of financing programs to help businesses of all kinds grow and succeed. The Fund currently holds a revenue bond issued by NJEDA for the financing of school facilities projects throughout the state. The Bond was issued under the Educational Facilities Act, which establishes a comprehensive program to fund the design, renovation, repair and new construction of primary and secondary public schools. Eligible projects may obtain financing for site acquisition and development, architectural and construction services, and other costs incurred in the construction or renovation of any school facility used for educational purposes, including necessary fixtures, furnishings and equipment.

Thanks to financing programs like this, New Jersey consistently ranks as one of the best states in the country in terms of quality of public education, positioning communities throughout the State to benefit from long-term economic growth and development.

Business and Job Creation

Businesses are the economic engines that power communities. The private sector in the U.S. provides 128 million jobs. Nearly half of these are provided by small businesses, who, according the Bureau of Labor Statistics, have created 62% of all net new private-sector jobs since the Great Recession ended in June 2009. However, starting and growing a business is not easy and requires significant capital investment. **The Domini Impact Bond Fund helps provide access to capital for businesses by investing in bonds issued by state and local agencies that support business and job creation, especially in economically disadvantaged areas**.

Investment Highlight: Pennsylvania Industrial Development Authority

The Fund holds a municipal revenue bond issued by the Pennsylvania Industrial Development Authority (PIDA), which was established in 1956 to promote the welfare of the people of Pennsylvania by reducing unemployment in critical economic areas. PIDA provides low-interest loans and lines of credit for eligible businesses that commit to creating and retaining full-time jobs, as well as for the development of industrial parks and multi-tenant facilities. To be eligible for PIDA financing, the project site must be in a designated distressed area.

The loan program includes a number of requirements that apply to job creation or retention. For example, an eligible business is required to retain and/or create jobs in Pennsylvania within three years after borrowing money from PIDA. If a company is relocating its business, it must increase its employment by 25%. According to Pennsylvania Governor Tom Wolf, the nearly $84 million in low-interest loans provided through PIDA in 2018 led to approximately $120 million in private investment that supported the creation and retention of 4,316 full-time jobs.

Transportation

Transportation systems are vital to the sustainable economic development of communities. Highways, railways, and airports are the links that keep our communities moving and connected. However, maintaining safe, reliable, and efficient transportation systems requires ongoing capital investment. **The Domini Impact Bond Fund seeks to support investment in basic infrastructure and transportation systems, including improvements in roads, highways, and airports. We especially favor low-carbon mass-transit and commuter systems that meet standards for climate integrity**.

Investment Highlight: LaGuardia Airport

LaGuardia Airport, one of three major airports serving New York City, is the 21st busiest airport in the country based on total passenger traffic. In 2018, more than 30 million passengers moved through LaGuardia. The airport has long been criticized for its outdated facilities, overcrowding, and delays. However, in 2015, New York Governor Andrew Cuomo announced a comprehensive $8 billion plan to completely renovate and modernize the airport, including new terminals and concourses, larger runways, a new parking garage, and a potential AirTrain with subway and commuter rail connections.

The first phase of the plan, which will cost a projected $4 billion, involves the construction of a new Central Terminal Building to replace the one built it 1964. It is being funded through what is considered the largest public-private partnership for infrastructure in the U.S. The New York State Transportation Development Corporation has issued a series of revenue bonds on behalf of LaGuardia Gateway Partners, the private consortium in charge of rebuilding and operating the terminal. The Fund is invested in one of these issues, helping to finance construction of this new state-of-the-art terminal, which will serve as the heart of the new LaGuardia Airport and greatly improve travel into and out of New York City.

Municipal General Obligations

Municipal general obligation bonds are issued by city, county, and state governments to raise funds for capital improvements and public works projects. These bonds **finance a wide variety of important projects and services not typically provided by the private sector, including roads and bridges, public utilities, schools, parks, and much more**. The Domini Impact Bond Fund particularly favors municipal bonds that support underserved communities or that finance low-carbon and climate-resilient infrastructure.

Investment Highlight: State of California

The State of California provides its citizens with many fundamental public goods and services, including primary, secondary and higher education, public housing, transportation systems, health and human services, and much more. California is the largest U.S. state by population, with an estimated 39.6 million people as of July 2018—nearly 12% of total population. In 2017, California contributed over $2.7 trillion to the U.S. economy, representing more than 14% of total GDP. The State has also been a national leader in efforts to mitigate climate risks and accelerate the transition to a low-carbon economy.

Through an investment in California's general debt obligations, which require voter approval and are backed by the full faith and credit of the municipality, the Fund is contributing to the development of communities across the state. These investments finance improvements to public transportation, new water and wastewater infrastructure, construction of schools, housing and hospitals, and many other important projects that will help the State of California continue to drive sustainable economic growth.

Farm Credit

The Domini Impact Bond Fund seeks to support the strength and resiliency of our rural and agricultural communities. Agriculture is a key part of our country's economic output and essential to the sustainability of our food systems. According to the U.S. Department of Agriculture (USDA), agriculture, food and related industries make up around 5.5% of the overall U.S. economy, contributing close to a trillion dollars of gross domestic product in 2015. While farm output directly contributed only $136.7 billion to this total, many industries rely on agricultural inputs to create value. Agriculture and its related industries, including food manufacturing, retailing and services, provided 21.6 million jobs in 2017, representing 11% of total U.S. employment.

Investment Highlight: Federal Farm Credit Banks

The Fund currently holds agency obligations issued by the Federal Farm Credit Banks Funding Corporation (FFCB). FFCB is the fiscal agent of the Farm Credit System, a government-sponsored enterprise created in 1916 to support rural communities and U.S. agriculture. It operates as a cooperative, owned by the Farm Credit System Banks, and is responsible for issuing and marketing debt securities to finance the banks' loans, leases and operations. These banks provide capital to retail associations around the country that lend to farmers, ranchers, rural homeowners and agricultural cooperatives in their local communities. By investing in the securities issued by FFCB, investors have the opportunity to help support the economic development of America's rural communities.

Sovereign Debt

We generally consider sovereign debt—debt issued by national governments—to be aligned with our investment objectives because it supports economic development through the creation of systems and institutions that serve the public good, including regulatory, legal and financial systems, as well as public infrastructure, education and health services. For example, the Domini Impact Bond Fund currently holds general debt obligations issued by the government of Japan.

However, we do not consider every country's debt as eligible for investment. We specifically seek to avoid debt issued by non-democratic countries; countries with a significant record of systemic corruption; countries that fail to adequately protect press freedoms; and countries with significant human rights concerns, including human trafficking.

Our standards include a long-standing policy to exclude securities issued by the U.S. Department of the Treasury, primarily due to concerns about financing our nation's nuclear weapons arsenal. Instead of investing in these general government obligations, the Fund invests in bonds issued by U.S. government agencies that serve purposes aligned with our goals. This primarily includes housing agency bonds, which have similar risk/return characteristics to U.S. Treasuries.

Community Development Financial Institutions

Community development financial institutions (CDFIs)—which are certified by the U.S. Department of the Treasury—help improve economic opportunity in low-income communities by expanding access to capital for local residents and businesses. Domini supports CDFIs in several ways. We do our own corporate banking with Southern Bancorp, Inc., a CDFI serving impoverished areas in Arkansas and Mississippi.

The Domini Impact Bond Fund also has a long-standing commitment to supporting CDFIs, and we consider these investments to be especially impactful. By placing deposits with CDFIs, we channel money directly to projects in low-income neighborhoods and regions of great need. Among other things, these deposits support low-income housing, loans to small-business entrepreneurs, financial literacy programs, and the provision of affordable financial services for those who lack access to the mainstream banking community.

Investment Highlight: Center for Community Self-Help

The nonprofit Center for Community Self-Help, based in Durham, North Carolina, is a CDFI that plays an integral role in community revitalization across the U.S. Its mission is to create and protect ownership and economic opportunity for all, especially minority, female-headed, rural, and low-income families. The Fund holds certificates of deposit with two credit unions under the Self-Help umbrella: Self-Help Credit Union, which serves 70,000 members through 29 branches in North Carolina, South Carolina and Florida; and Self-Help Federal Credit Union, which serves 80,000 members through 27 branches in California, Illinois and Wisconsin.

Since 1980, the Center for Community Self-Help has provided over $7.1 billion in financing through 146,000 loans to families, individuals and organizations. 78% of its loans have been to low-income borrowers, and 74% have been to people of color. Self-Help's wide-ranging impacts over the last four decades include:

- Loans for 78,000 school or childcare spaces
- 45,000 jobs created or maintained
- Homes loans for 62,000 families
- $402 million in consumer loans
- $918 million loaned to small businesses
- $176 million loaned to solar developers
- $144 million loaned to green building projects
- $15 million loaned to healthy food producers, distributors, and retailers

Corporate Debt

Public and private corporations are the largest employers in the U.S. They provide our communities with a vast expanse of goods and services that we use every day—from retail and financial services to property development and communication technologies. Without the presence of manufacturers and service providers, communities would be unable to thrive and prosper.

General Corporate Obligations and Bank Loans

The Domini Impact Bond Fund allocates a portion of its portfolio to corporate debt. The majority of these investments are in bonds issued for general corporate purposes, which are subject to the same standards we apply to our equity investments (see page 13). This includes **evaluation of the issuer's business alignment with our goals of universal human dignity and ecological sustainability, as well its relations with key stakeholders, including its local and national communities**. We seek to help finance companies that maintain positive relations with their neighbors through partnerships with community-based organizations, honest relations with government, fair tax dealings, and the use of philanthropy to strengthen the local communities from which they operate. We believe that when companies treat local and national communities fairly, they enrich the public upon which they depend and invest in their own long-term success.

Investment Highlight: Liberty Property Trust

Based in Malvern, Pennsylvania, Liberty Property Trust is one of the largest U.S. commercial real-estate investment trusts (REITs), with investments in office buildings and industrial properties across much of the U.S. and parts of the United Kingdom. Liberty has a strong commitment to sustainable property development and management and has invested over $4.1 billion in high-performance green development. The company currently has 128 LEED projects certified or under construction, and recently developed the first procedure-based LEED Volume Program, which will ensure that all of its industrial developments achieve LEED certification. Liberty is also working to improve the energy efficiency of its existing portfolio and, so far, has 147 ENERGY STAR certified buildings, which will help to save millions of dollars in energy costs for tenants. The Fund holds a general obligation bond issued by Liberty, and we hope to see the company continue to strengthen the communities in which it operates through ongoing investment in sustainable property development.

Health, Well-Being & Aging Society

Access to affordable, quality healthcare is essential to the health and well-being of communities. However, for many people across the U.S., inadequate healthcare resources and rising costs are preventing them from getting the care they need. In 2017, Americans spent $3.5 trillion, 18% of overall GDP, on health expenditures—about twice the average among comparable countries. Complicating matters, the number of Americans ages 65 and older is projected to more than double over the next four decades, rising from 15% to 24% of the total population. Population aging will continue to drive up healthcare costs and stretch our already strained healthcare system.

However, **investors can play a role in helping to improve access and quality of care by directing capital to fill gaps in healthcare funding**. We seek to do this through investments that finance public and nonprofit healthcare facilities, as well as investments that support the needs of aging communities.

Nonprofit Healthcare & Healthcare Education Facilities

We consider health care to be a public good and acknowledge the limitations of private and for-profit organizations in providing this good. For this reason, the Domini Impact Bond Fund seeks to support nonprofit and public healthcare systems whose goals align with the health needs of society at large. **We seek investments that fund nonprofit health facilities, including hospitals, clinics, and specialized care centers, as well as institutions that provide academic medical training or conduct research in areas of priority diseases and unmet needs**. We especially favor investments that address the needs of medically underserved and disadvantaged communities.

Investment Highlight: NeuroDiagnostic Institute and Advanced Treatment Center

The State of Indiana faces a significant need to provide better services for the mentally ill. Over the last 50 years, the State has closed many public mental health facilities, reducing the number of inpatient psychiatric beds from 6,000 to 800 as of 2016. These changes took place during a time when mental health deinstitutionalization was occurring throughout much of the U.S. According to a study commissioned by the Indiana Family and Social Services Administration, "as state hospitals have closed, patients with chronic psychiatric disease and relapsing chemical dependency have moved to nursing homes, become homeless, been cared for in emergency departments and general hospitals, and ended up in Indiana jails and prisons." Currently, the Indiana Department of Correction is one of the State's largest mental health treatment providers. This should not be the only option.

Due to this critical gap in healthcare services, the Indiana Finance Authority issued appropriation bonds to finance the construction of a new public mental healthcare facility. The Fund invests in one of these issues, helping provide funding to the Indiana Family and Social Services Administration (FSSA), alongside the nonprofit Community Health Network, to develop a new NeuroDiagnostic Institute and Advanced Treatment Center in Indianapolis, which will begin serving patients in early 2019.

The new facility will be the flagship for FSSA's statewide psychiatric hospital network. The 159-bed facility (94 adult beds and 65 adolescent and children beds) will focus on care for patients with acute and chronic mental illness, chronic addictions, traumatic brain injuries, autism spectrum disorders, and neuro-degenerative illnesses like Alzheimer's disease. It is designed to serve 1,500 patients annually and will also act as a teaching hospital.

Continuing Care Retirement Communities

Considering the growing healthcare needs of our aging society, the Domini Impact Bond Fund seeks to support funding for continuing care retirement communities (CCRCs), which can offer much needed living options for seniors who require long-term care or companionship. CCRCs provide a range of housing and healthcare services for aging communities, from independent or assisted living facilities to around-the-clock nursing and memory-support care. As our population continues to age, CCRCs will be essential to ensuring our aging communities have access to quality care.

Investment Highlight: Brethren Village Retirement Community

Brethren Village Retirement Community is a nonprofit CCRC in Lancaster, Pennsylvania that provides housing and healthcare services for seniors in the form of independent living, assisted living and memory care units. It is located on a 96-acre campus with 505 independent living apartments, 141 personal care units, 120 nursing beds, and a number of common areas and amenities, including dining services and fitness centers.

There are an additional 120 apartments on land adjacent to Brethren Village which are subsidized by the U.S. Department of Housing and Urban Development. These HUD-subsidized units, which are owned by affiliates of Brethren Village, are for low-income elderly or handicapped families.

The Fund holds a bond issued by the Lancaster County Hospital Authority to refund outstanding revenue bonds issued to Brethren Village to finance various improvements to the community, including new independent living apartments, a new nursing care building, and renovations to existing apartments.

Pensions

Millions of public sector employees rely on defined benefit pensions for their retirement income. These pension benefits help ensure aging populations can cover the cost of their expenses like food, housing and health care in their retirement years. Unfortunately, an increasing number of public pension systems face gaps in funding, which is becoming a significant long-term concern. **The Domini Impact Bond Fund invests in pension obligation bonds issued by state or local governments to fund their employee pension systems. We generally consider these bonds to be aligned with our investment objectives because they help provide retirement income for public employees**.

Investment Highlight: San Bernardino County

The Fund invests in pension bonds issued to refund a portion of the County of San Bernardino 1995 Pension Obligation Refunding Bonds. San Bernardino County, located in southern California, includes 24 incorporated cities and is the largest California county by geographic area.

Asset-Backed Securities

Asset-backed securities (ABS) can help improve access to responsible credit for underserved and unbanked borrowers by increasing liquidity. Just like mortgage-backed securities help to improve access to housing by pooling together residential mortgages, other types of ABS can improve access to capital for a wide variety of goods and services by pooling together assets like auto loans, credit card receivables, and commercial mortgages.

We are selective in the types of ABS we invest in, both in terms of the issuers and types of underlying assets involved. For example, we seek to avoid certain ABS issues backed by student loans due to concerns over a pattern of abusive lending practices. Our due diligence includes monitoring regulatory trends, with a focus on consumer protection enforcement actions led by the Department of Justice, the Consumer Financial Protection Bureau and other regulatory agencies.

Commercial Mortgage-Backed Securities

The majority of the non-housing ABS in the Domini Impact Bond Fund are commercial mortgage-backed securities (CMBS), which help provide liquidity to commercial real-estate and property developers. **CMBS issues help finance projects essential to the development of thriving communities, from office spaces and shopping centers to apartment buildings, hotels and hospitals**.

Investment Highlight: Hudson Yards

The Fund holds a CMBS issued by the Hudson Yards Development Corporation (HYDC), which is spearheading the large-scale development project on Manhattan's West Side. HYDC has been working with various New York City and State entities to plan, develop, and construct an extension of the No. 7 subway line, new rail yards, office buildings, hotels, an expansion of the Javits Convention Center, and improvements to streets, parks and other infrastructure. Rezoning will also allow for 13,500 new housing units, including almost 4,000 affordable units.

The HYDC issue held by the Fund provides financing for 10 Hudson Yards, the first building to open in the new neighborhood and one of the largest private developments of mixed-use urban office space in the city. The property, which also includes a seven-story retail space, was the first New York commercial office building to receive LEED v2009 Platinum certification.

Auto Loans

ABS issues are well-suited for pooling together relatively small and otherwise illiquid assets like auto loans. According to Experian, open automotive loan balances in the U.S. reached a record high of nearly $1.2 trillion in the fourth quarter of 2018. Especially in suburban and rural communities, where mass transit options can be limited, residents often rely on automobiles to travel to work, school and elsewhere, making them essential to the healthy functioning of local economies. In many cases, buying or leasing a car can be a necessary and expensive cost that, without access to responsible credit lending, many families and individuals would not be able to afford.

Investment Highlight: CarMax

CarMax purchases, reconditions and sells used vehicles at its superstore locations throughout the country. It is the largest used-car retailer in the U.S., selling more than 670,000 used cars per years. Through its CarMax Auto Finance unit, the company also provides vehicle financing. The Fund holds several collateralized obligations backed by these CarMax auto loans. Issued by the CarMax Auto Owner Trust, these bonds help create the liquidity that allows CarMax to provide customers with affordable lending options.

Other Asset-Backed Securities

Asset securitization can often be a useful way for issuers to refinance debt at a lower cost and free up capital to fund additional assets. Almost any type of revenue-generating asset or receivable can be securitized, and issuers often get creative—from equipment and resource leases to intellectual property payments or residential solar installations. While each carries different risks, **ABS issuances can be a good solution for creating liquidity and improving access to capital for a variety of goods and services**.

Investment Highlight: SBA Communications

SBA Communications is the largest independent owner and operator of wireless communications towers in the U.S. It leases towers to wireless service providers and offers development services for wireless tower sites. The Fund holds an ABS issued by SBA Tower Trust and backed by the company's wireless tower assets, providing capital to help allow SBA to continue to build out the wireless communications infrastructure that keeps our communities connected.

Environment

Over the next several decades, the impacts of climate change will be increasingly felt by communities across geographies and demographics. From an increase in extreme weather events to rapid urbanization caused by climate migration patterns, cities will need to be increasingly resilient, adaptable and resource-efficient. **Technological innovation is helping create solutions to many of the environmental challenges our communities face, but it will take significant capital investment to transform them into the clean, efficient, climate-resilient cities of the 21st century**.

Low-Carbon Transition

Many communities have a lot of work ahead of them as they prepare for the low-carbon future, including moving away from the use of fossil fuels and building clean energy assets, improving transportation and public infrastructure, installing flood-protection systems, upgrading water treatment and waste management plants, and much more. Investors can help by directing capital to projects that help communities tackle climate risks and position them to succeed in the low-carbon economy.

The Domini Impact Bond Fund seeks investments that promote environmental sustainability, including labeled and unlabeled green bonds that address climate change or serve other environmentally beneficial purposes. We look for investments that mitigate the use of fossil fuels and promote the growth of renewable energy, or that support infrastructure resiliency projects, energy-efficient mass-transit systems, and sustainable land use. We avoid bonds we determine to be overly assertive in the use of the term "green," such as bonds that finance first-generation biofuel projects, waste-to-energy facilities that use toxic substances, or projects that prolong the use of fossil fuels, such as coal-power-plant refurbishment and carbon capture and sequestration.

Investment Highlight: Rush Creek Wind Project

Xcel Energy, one of the largest utility holding companies in the U.S., has been working to transition its energy portfolio by retiring aging coal power plants and increasing the use of wind and solar power. The company is targeting an 80% reduction in carbon emissions by 2030 and, in December 2018, announced plans to go completely carbon-free by 2050, making it first major U.S. utility to do so.

Xcel owns five wind farms with total power generation of 850 megawatts and has plans to add nearly 3,700 megawatts of wind generation capacity to its portfolio by 2021. The Fund holds a green bond issued by Public Service Company of Colorado, a subsidiary of Xcel, to help it achieve that goal. The bond helped to finance construction of a new wind-power facility, the 600-megawatt Rush Creek Wind Project, which began serving customers in late 2018. With 300 turbines spanning five counties, Rush Creek is now the largest wind farm in Colorado. It has enough capacity to power over 300,000 homes and will save customers an estimated $800 million over the next 25 years.

Energy Efficiency

One of the most intuitive ways communities can help mitigate climate change and contribute to the low-carbon economy is by reducing energy usage. It takes a lot of electricity to power cities—from homes and office buildings to traffic lights, mass-transit systems, and waste-management facilities. By constructing more energy-efficient facilities and retrofitting existing facilities, communities can greatly cut down on energy use, which is both environmentally and fiscally responsible. **The Domini Impact Bond Fund seeks to invest in labeled and unlabeled green bonds that support energy-efficiency projects, including new low-carbon construction and retrofits with green building certifications**.

Investment Highlight: Regency Centers

Regency Centers develops and manages retail shopping centers throughout the U.S. Between 2009 and 2017, Regency developed more LEED-certified shopping centers than any other retail developer in the country. The Fund holds a green bond issued by Regency Centers, which has provided nearly $250 million in funding for LEED-certified development and redevelopment projects. These projects often incorporate high-efficiency HVAC systems, better insulation, LED lighting, low-flow plumbing fixtures and irrigation systems, and other sustainable building materials. When the bond was issued in 2014, Regency was the first U.S. Real Estate Investment Trust (REIT) and second U.S. corporation to ever issue a green bond.

Engagement

As **owners**, we engage with issuers, civil society organizations and policymakers to create financial, environmental and societal value.

2018 Engagement Highlights

For over 20 years, the Domini Funds have been a voice for change in capital markets, letting companies, investors and policymakers know that our shareholders are seeking more from their investments. The process of putting principles into action begins with our Impact Investment Standards. Not only do our standards guide our investment decisions, but they also inform our engagement work.

We use a combination of tools to create impact through engagement, including direct dialogue, the filing of shareholder proposals, the principled use of proxy voting, and speaking out on public policy issues. We collaborate and engage with a wide variety of stakeholders, including public and private companies, non-corporate issuers, civil society organizations, governments, other investors and individuals.

The pages that follow represent the engagements we pursued in 2018. Each of the issues addressed has deep roots, and some of these engagements have persisted and evolved over the course of years, or even decades. Each year builds on the past, as we do what we can to move companies and public policy ever closer to universal human dignity and ecological sustainability.

Dialogues

In 2018, we engaged in dialogue with **135** companies and fixed-income issuers, including **91** international issuers. We were also signatories to investor letters and public statements that reached an additional **188** companies and issuers. Often we engage in dialogue with companies that are not held by the Funds or are ineligible for investment, either because they do not meet our standards or are not currently part of our investment universe. Throughout this section, public companies that were ineligible for investment as of December 31, 2018 are noted with an *. This year, our dialogues covered a wide range of topics, including, but not limited to:

Dialogues on:	Topics:
Human Rights See page 54	Partnerships to protect human rights • Supporting employees • Supply chain labor conditions • Freedom of expression, privacy & cyber security • Conflict zones & occupied territories
Public Health & Safety See page 58	Addressing gun violence • Opioid accountability • Access to medicine • Sustainable proteins & antibiotics
Environment See page 61	Climate change • Plastic pollution • Deforestation & palm oil sourcing • Pollinator health & pesticides
Public Reporting See page 65	Engaging companies on SASB standards • Sustainable taxonomies & disclosures
Japan See page 66	Supporting a sustainable future for Japan • Opposing new coal-power developments • Gender diversity on Japanese boards • Human rights risks in Burma
Fixed Income See page 68	Green & social financing in affordable housing • Green-bond market development & pre-issuance engagements • Reflecting climate risks in credit ratings

See page 82 for important Domini Funds holdings disclosure. The composition of the portfolios is subject to change. Visit www.domini.com to view the most current list of the Funds' holdings.

Shareholder Proposals

Since 1994, we have filed **289** shareholder proposals at over **100** companies.

We filed **4** shareholder proposals for the 2018 proxy season:

Company:	Proposal Topic:
Biogen See page 70	Pharmaceutical pricing and executive compensation
Motorola Solutions See page 70	Report on supplier labor standards in global supply chains
Nike See page 71	Adoption of responsible tax principles
Nucor See page 71	Issue a lobbying report tied to climate change denial

As of year-end, we filed or refiled **3** shareholder proposals for the 2019 proxy season:

Company:	Proposal Topic:
Amazon.com See page 71	Issue a report on the community impacts of its operations
Nucor See page 71	Issue a lobbying report tied to climate change denial
Walgreens Boots Alliance See page 72	Issue a report on governance measures related to opioids

Proxy Voting

In 2018, the Domini Funds voted on a total of **4,463** proposals at **341** corporate meetings.

Votes on:	Our 2018 Voting Record:
Director Elections See page 74	We **voted against 44% of management proposals** related to director elections and appointments. More than 50% of the times we voted against these proposals, we cited insufficient diversity.
Executive Compensation See page 75	We **voted against 58% of management proposals** related to executive compensation. More than 60% of the times we voted against these proposals, we cited excessive compensation.
Shareholder Proposals See page 76	We **voted to support 108 shareholder proposals** on a wide variety of topics, including environmental reporting, social impact, political activities, diversity and pay equity, executive compensation, board composition, and shareholder rights.

Dialogues on Human Rights

Partnerships to Protect Human Rights

As our global society becomes increasingly interconnected, investment decisions have the potential to have far-reaching, and often unintended, impacts. **Effectively addressing human rights concerns often requires partnering with different actors to increase our leverage and improve our understanding of these complex issues**. In particular, we have a long-standing partnership with the Interfaith Center on Corporate Responsibility (ICCR), a shareholder advocacy coalition through which we have engaged on many human rights issues.

- This year, **we joined the ICCR's new Investor Alliance for Human Rights**. The Alliance was established, with funding from the Open Society Foundations, to provide a collective action platform to facilitate investor advocacy on a wide variety of human rights and labor rights issues. Through the Alliance, members of the investment community can advocate more immediately, consistently and strategically to help protect human rights, and to act as a deterrent against legislative and regulatory rollbacks.

- On behalf of the Investor Alliance for Human Rights steering committee, **we helped draft a letter to the UN Working Group on Human Rights and Transnational Corporations and Business Enterprises**. The letter provided recommendations on the practice of corporate human rights due diligence to inform the Working Group's 2018 report to the UN General Assembly.

- **We worked with ICCR to review a draft of a human rights policy issued by McDonald's*.** We sent detailed written comments and participated on a call with McDonald's. This would be the company's first human rights policy.

- **We participated on an ICCR call with Sysco** to discuss a variety of topics, including the company's sustainability materiality assessment, human rights and palm oil. The company confirmed that it made several changes to its code of conduct in response to suggestions we submitted in 2017, including new language regarding ethical recruitment of migrant workers.

- The Business Network on Civic Freedoms and Human Rights Defenders is an informal network of companies that was convened and facilitated by Business & Human Rights Resource Centre, The B Team and the International Service for Human Rights. Its purpose is to explore the role of companies in helping to protect civic freedoms and human rights defenders, and it serves as a space for discussion and exchange of information, advice and strategies in this regard. **We were a key contributor to the Network's "Supporting Civic Freedoms, Human Rights Defenders and the Rule of Law" statement**, which was published in late 2018. We provided detailed feedback on the drafting of the statement, which was also supported by AngloAmerican*, Adidas, ABN Amro, Primark, the Investor Alliance for Human Rights, and Leber Jeweler.

- **We participated on a panel, *The Role of Business in the Protection of Fundamental Freedoms, Civic Space and Human Rights Defenders Worldwide*,** hosted by Business & Human Rights Resource Centre and the U.S. Department of State.

- **Domini CEO Carole Laible also participated on a panel, *Safeguarding the Rights of Indigenous Peoples: The Role of Investors*** at the Principles for Responsible Investment's PRI in Person conference. The discussion focused on the role investors can play in promoting responsible corporate practice and positive relations with local and indigenous communities by obtaining the social license to operate with free, prior and informed consent.

Supporting Employees

We believe that when companies treat their employees well they are rewarded over the long term. Investments in human capital—through training and development, employee engagement, and diversity and inclusion programs—lead to higher productivity, lower turnover and better customer satisfaction. Employees are more than just "assets," however. They are individuals who commit substantial time and energy to their companies, and every employee deserves to work in a safe, healthy environment where they are valued and treated fairly.

For these reasons, we are a member of the Human Capital Management Coalition (HCMC), a group of institutional investors that seeks to engage companies and other actors to improve understanding on the importance of human capital management. Through these dialogues, we believe investors can gain fresh insights into the quality of a company's management team and its ability to compete in a rapidly changing marketplace. Furthermore, by talking to companies about these important issues, investors send the message that employees matter.

- As a member of HCMC, we participate in their ongoing engagement strategies, as well as their monthly calls. **We wrote to Chipotle on behalf of HCMC, seeking a better understanding of the company's management of employee relations issues, including information about compensation and fair labor practices.** Although the company replied to our letter, it did not provide meaningful responses to the questions raised. We continue to believe there are material human capital management issues at the company. We've also initiated dialogue with Costco on their disclosures regarding human capital.
- **We provided comments to US SIF on two draft letters from Senator Mark Warner's (D-VA, member of Committee on Banking, Housing, and Urban Affairs) staff.** One is to the SEC calling for them to take up rulemaking on human capital disclosure and the other is to the U.S. Government Accountability Office (GAO) requesting a broader study of ESG disclosure.
- **We participated in a panel discussion on human capital management at the Society for Corporate Governance National Conference**, formerly known as the Society for Corporate Secretaries. The organization seeks to promote responsible corporate governance.

Supply Chain Labor Conditions

The International Labor Organization (ILO) estimates that almost 25 million people are trapped in conditions of forced labor. According to the United Nations' Guiding Principles on Business and Human Rights, adopted in 2011, global businesses are obligated to identify these problems and do what they can to address them. For decades, we have engaged with corporations, civil society organizations, and public institutions to help improve working conditions in global supply chains. **Through these dialogues, we have addressed a wide range of topics, including supply chain disclosure and transparency, third-party auditing, ethical recruitment, workplace health and safety, and fair wages**. Investors can play an important role in raising awareness of the problem, setting expectations and engaging with companies to eradicate these practices.

- **This year, after press reported about a U.S. Department of Labor investigation on wage theft in Los Angeles apparel factories, we reached out to Ross Stores* and TJX, the parent company of TJ Maxx.** Ross Stores and TJ Maxx both source from some of the cited factories and were named in the report as two of the worst offenders in setting prices that drive illegal wage theft. Ross Stores did not respond to our request for dialogue, and we subsequently excluded them from our investment universe. TJX was more responsive, and we have had several discussions about its supply-chain management practices and response to illegal wage theft. TJX recently hired an external company to conduct auditing of the Los Angeles factories and indicated that it conducts audits of all private-brand factories every two years, or every six months if they are identified as high risk. We have encouraged the company to talk to NGOs to gain better perspective of what happens in these factories and hope we can continue the dialogue on this important issue.

- **We continued to participate in a multi-stakeholder dialogue organized by ICCR regarding labor conditions in Bangladesh.** The original Accord on Fire and Building Safety in Bangladesh, which was adopted following the deadly collapse of the Rana Plaza apparel factory complex in 2013, had been set to expire in 2018, but an amended accord was adopted with a three-year extension. To encourage companies to adopt the amended accord, we helped draft ICCR's "Investor Statement Calling on Global Brands to Strengthen Worker Safety in the Bangladesh Garment Sector."

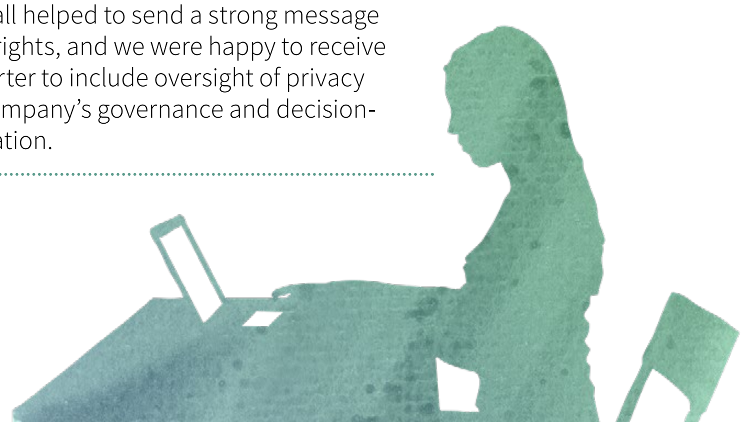
- **We provided feedback on the development of the Association of Professional Social Compliance Auditors' (APSCA) ethics and integrity program.** APSCA members, who are social compliance audit firms and auditors, are engaged to monitor labor conditions in factories around the world. APSCA is seeking to enhance the professionalism, consistency and credibility of the social compliance industry.

Freedom of Expression, Privacy & Cyber Security

Companies are increasingly facing moral, reputational and material financial risks related to privacy and consent, disinformation, and government control, surveillance and censorship. The European Union's recent adoption of the General Data Protection Regulation, which addresses the collection and use of personal data, underscores the urgency of the global response to these increasingly complex and inter-related issues. Over the year, we engaged with a variety of companies and civil society organizations on a broad range of topics related to human rights and privacy risks.

- The Global Network Initiative (GNI) is a multi-stakeholder organization focused on threats to freedom of expression and privacy posed by government demands made upon companies in the Internet and communication technology (ICT) sector. **This year, we participated at GNI's board meeting in Toronto. We also worked with members of GNI's board on refinements to its Assessment Toolkit**, which guides the independent assessments of company members. We submitted comments focused on the use of case studies in the process, which were endorsed by the board's investor and civil society organization members.

- Early in 2018, we made the decision to divest from Facebook* in response to what we believe to be a governance crisis at the company, culminating with the Cambridge Analytica scandal. **We wrote a letter outlining our concerns to Facebook CEO Mark Zuckerberg, which helped to initiate dialogue, and we were able to organize a call with the company**, joined by other investor members of the GNI. In our conversation, we discussed potential steps the company can take to begin to reform its governance practices and restore trust, including recommendations regarding board oversight. We believe our letter and concerns expressed on the call helped to send a strong message about the need for more effective oversight of privacy rights, and we were happy to receive notice that Facebook updated its audit committee charter to include oversight of privacy issues. Nevertheless, we remain concerned with the company's governance and decision-making practices and will continue to monitor the situation.



- **We participated in a meeting hosted by Article One and UNICEF to discuss UNICEF's newly released Industry Toolkit** to help ICT companies protect children's privacy and freedom of expression online.

- As facial recognition technology has become more widely used, numerous reports have surfaced about potential privacy and surveillance risks, including risks posed by technology flaws that replicate bias based on race and other factors. This year, **we signed a letter to Amazon, drafted by Harrington Investments, raising questions about the company's development and sale of a facial recognition system, Rekognition, to law enforcement agencies**. We expressed concerns about the company's involvement in the proliferation of government surveillance infrastructure technology and its potential for abuse.

- During our research review of Thermo Fisher Scientific, we became concerned with rising criticism against the company, including by a number of U.S. senators, after Human Rights Watch reported that its DNA sequencing technology was being used by the Chinese government for surveillance of its citizens, ultimately aiding in political oppression and human rights abuses. **We reached out to Thermo Fisher, raising our concerns and seeking information about its due diligence process prior to conducting sales to police and government customers, as well as its response to the reports of abuse.** We support the company's decision, announced in February 2019, that in accordance with its "values, ethics code and policies," it will no longer sell or service genetic sequencing products in China's Xinjiang region.

Conflict Zones & Occupied Territories

We have a long history of engaging with companies to mitigate conflict risk and increase responsible foreign investment in conflict zones in order to protect civilians, as well as investment returns. We are a founding member of EIRIS Conflict Risk Network (CRN), a network of institutional investors, financial service providers and related stakeholders that are calling on corporate actors to fulfill their responsibilities to respect human rights and take steps that support peace and stability in areas affected by genocide and mass atrocity.

- This year, Domini Impact Investment Strategist **Shin Furuya continued to serve on CRN's advisory board** and participated in board meetings to discuss conflict zones and occupied territories, including Sudan, South Sudan, Burma, Palestine and Crimea.

- **We contributed and provided inputs during the drafting phase of the EIRIS Foundation's new report, *Questions to help companies respect human rights in occupied territories*,** which was launched at the UN Forum on Business and Human Rights in Geneva in November 2018.

- **In our newly published issue paper, *South Sudan: Investors & Human Rights*, we outline the human rights situation in the Republic of South Sudan** and explain why and how we perform additional analysis for companies that operate or have ties to business in the country, including the factors that help us determine whether these companies are eligible for investment. The paper illustrates the actions investors can take to mitigate risks and promote responsible business conduct, serving as a guide for other investors and for companies with exposure to operations in conflict zones.

Dialogues on Public Health & Safety

Addressing Gun Violence

We believe companies have a responsibility to assess whether their products, services and political activities are contributing to an epidemic of gun violence, or standing in the way of reform, and that investors have an obligation to use the tools at their disposal to address this urgent crisis. Although our investment standards restrict investments in firearm manufacturers, we continue to raise concerns with companies that have peripheral involvement and will continue to use our voice as owners to advocate for societal change that puts an end to gun violence.

- **We provided comments to a legislative proposal submitted by US SIF: The Forum for Sustainable and Responsible Investment.** The proposal would require mutual funds to disclose holdings in gun manufacturers and importers and related due diligence.

- **We collaborated with a group of Interfaith Center on Corporate Responsibility (ICCR) members to develop an investor statement on gun violence**, which advocates for a ban on assault weapons. The statement, backed by 142 institutional investors managing $634 billion, asks companies to carefully reflect on how their operations, business relationships, supply chain policies, marketing practices and public voices might be used to counter gun violence. It includes detailed recommendations for gun manufacturers, distributors and retailers, and financial institutions.

- This year, we congratulated Kroger's decision to phase out semi-automatic weapons sales and raise its minimum age for sales to 21. Soon after, they announced they would exit the firearms business altogether. The New York Times and Wall Street Journal coverage of their initial announcement linked to our correspondence with the SEC regarding our **2016 shareholder proposal to Kroger requesting a ban on the sale of assault weapon at its Fred Meyer Stores**. Although this shareholder proposal was excluded by the SEC due to "ordinary business" practices, we are happy with the company's decision to exit the firearms business.

- In 2018, Citigroup became the first major U.S. bank to issue a set of policies to address gun violence. These policies prohibit retail-sector clients from selling firearms to customers who have not passed a background check or are under 21. They also prohibit the sale of bump stocks and high-capacity magazines. **We had a call with Citi to discuss the company's new firearm policies and possible expansion.** We also spoke with the general counsel of Mastercard discussing their involvement in the financing of firearm sales.

- **We joined investors managing more than $54.5 billion in sending letters to 18 major banks and credit card companies, raising concerns over their connections to firearm sales.** The campaign, organized by First Affirmative Financial Network (FAFN), asked the companies to explain their direct exposure to firearm manufacturers or distributors, or indirect exposure through credit merchant activities. We also asked for disclosure on the steps they are taking to understand and mitigate the risks associated with any exposure to firearms.

Opioid Accountability

The U.S. is currently facing an unprecedented epidemic from opioid abuse that is destroying countless lives, families and communities. Public awareness of the epidemic has grown significantly over the past few years, leading to a sharp rise in investigations and lawsuits at local, state, and federal levels. Many major opioid manufacturers have been restricted from our eligible investment universe for a number of years. In addition, we currently do not approve the three principal U.S. wholesale drug distributors due to concerns over inadequate controls and procedures related to controlled substances. Retail pharmacies have also played an unfortunate role in the opioid epidemic, with theft and loss of opioids contributing to the illicit trade of prescription opioids.

Last year, we joined Investors for Opioid Accountability (IOA), a coalition of treasurers, asset managers, and faith-based, public and labor funds with $3.5 trillion in assets, to engage the major manufacturers and distributors of opioids on issues surrounding the ongoing public health crisis. **We are hopeful that companies exposed to opioids in their value chain will take continued action to address the financial risks and moral concerns associated with this ongoing epidemic**.

- **As members of Investors for Opioid Accountability, we participated in monthly coalition calls.** We joined an IOA call with AbbVie to discuss the company's exposure to opioids, including its sale of Vicodin and its past manufacturing relationship with Purdue Pharma. AbbVie clarified that its Vicodin sales were negligible and agreed to put a statement on the company website confirming complete divestment from the opioid market.

- **We joined 26 other investors in signing an IOA letter to Teva Pharmaceuticals*** seeking an engagement around the legal, reputational and financial risks that may arise for the company as a result of their opioid sales.

- Walgreens Boots Alliance is one of the only major U.S. retail pharmacies we currently approve for investment. While we acknowledge the company has taken steps to address the opioid crisis, including expanding its pharmaceutical disposal infrastructure and providing overdose reversal drug Narcan (naloxone) without requiring a prescription, risks remain. This year, **we co-filed a shareholder proposal at Walgreens requesting a report on the board's efforts "since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis."** The resolution also asks for information about the company's monitoring of wholesale distributor AmerisourceBergen*, in which it owns a significant non-controlling stake, as well as the impact of growth in opioid sales on performance-based executive compensation.

Access to Medicine

The Access to Medicine Foundation's mission is "to stimulate and guide pharmaceutical companies to do more for the people living in low- and middle-income countries without access to medicine." The Foundation has three research programs, the Access to Medicine Index, Access to Vaccines Index, and the Antimicrobial Resistance Benchmark.

- This year, **we became a signatory to the Access to Medicine Index Investor Statement, committing to using the Index in our analysis and engagements with companies.** The Access to Medicine Index analyzes how 20 of the world's largest pharmaceutical companies are addressing access to medicine in 106 low- to middle-income countries for 77 diseases, conditions and pathogens.

- **We provided feedback on the 2018 Access to Medicine Index** and attended both the New York and Tokyo launches for the new report.

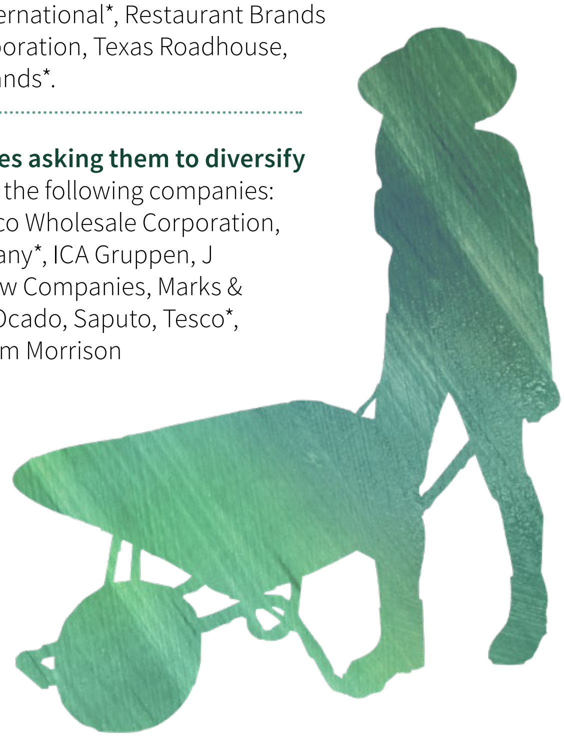
- At the launch events, **we had the opportunity to speak with several pharmaceutical companies on key issues facing their industry, including Astellas*, Daiichi-Sankyo, Eisai, Novartis, Pfizer, Shionogi, and Takeda***. Topics discussed included drug pricing, intra- and inter-market access to medicine, and climate-related risks. Changing climate patterns may affect the prevalence and geography of diseases, especially tropical diseases like malaria, dengue and Ebola. Combined with increased physical risks caused by rising sea levels and extreme weather events, as well as climate-induced population migration—these changes will have material implications for demand and delivery of medicine.

Sustainable Proteins & Antibiotics

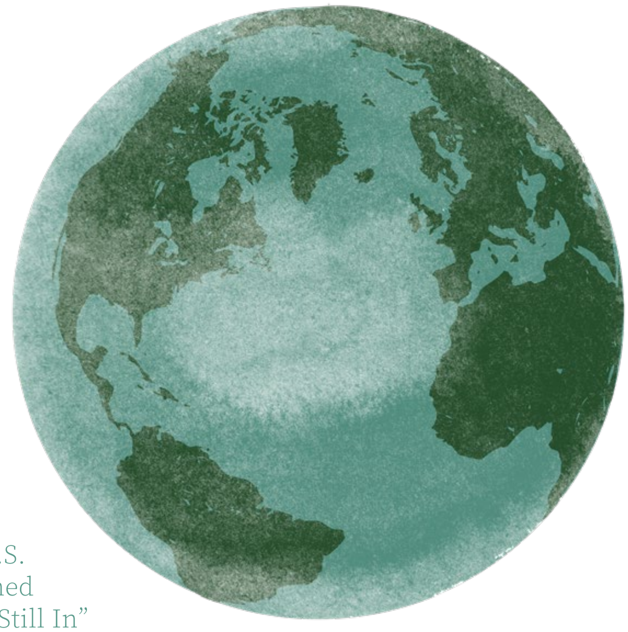
We participated in several engagements as part of our ongoing collaboration with Farm Animal Investment Risk & Return (FAIRR), an investor initiative that aims to put factory farming on the ESG agenda and help investors better understand the risks and opportunities of intensive livestock production.

- **We were signatories to letters sent to 20 global fast-food and restaurant companies, asking them to limit antibiotic use in their supply chains.** These letters we sent to following companies: Bloomin' Brands*, Brinker International*, The Cheesecake Factory, Darden Restaurants*, Denny's*, Dine Brands Global*, Domino's Pizza Group*, Greene King*, JD Wetherspoon*, Marston's*, McDonald's*, Mitchells & Butlers*, Papa John's International*, Restaurant Brands International*, The Restaurant Group*, Sonic Corporation, Texas Roadhouse, The Wendy's Company*, Whitbread*, and Yum Brands*.

- **We also sent letters to 25 global food companies asking them to diversify their protein sources.** These letters were sent to the following companies: Ahold Delhaize, Carrefour, Conagra Brands*, Costco Wholesale Corporation, General Mills, Groupe Casino, The Hershey Company*, ICA Gruppen, J Sainsbury, Kerry Group, Kraft Heinz, Kroger, Loblaw Companies, Marks & Spencer Group, Mondelēz International, Nestlé*, Ocado, Saputo, Tesco*, Unilever, Walmart*, Wesfarmers*, Whole Foods, Wm Morrison Supermarkets, and Woolworths Supermarket.



Dialogues on the Environment



Climate Change

Climate change is one of the most pressing social and environmental challenges we face today. We support the Paris Agreement and the global transition to a low-carbon future. The Agreement calls for limiting the increase in global temperature by the end of this century to no more than 1.5 to 2 °C over pre-industrial levels. Despite the fact that the U.S. has withdrawn from the Agreement, last year we joined over 3,500 U.S. organizations in signing the “We Are Still In” pledge, reaffirming our support for the Paris Agreement. **We continue to engage with companies and collaborate with environmental NGOs to encourage better management of climate-related risks, including 2-degree scenario planning, adoption of renewable-energy goals, setting science-based emissions-reduction targets, and enhancing disclosure of climate-related impacts**. In our pursuit to accelerate the transition to a low-carbon future, investors should also seek to ensure the transition is just and equitable for all members of society.

- As a signatory to ShareAction’s Investor Decarbonisation Initiative, we participate in engagements to encourage companies to adopt climate targets in accordance with the Paris Agreement. These engagements include RE100 and EP100, which respectively challenge companies to commit to using renewable energy and improving energy productivity. **As part of the Investor Decarbonisation Initiative, we wrote to eight companies—Analog Devices, Costco, Disney, Mitsui Fudosan, Netflix, STMicroelectronics, Whirlpool*, and Wm Morrison Supermarkets—requesting that they set science-based greenhouse gas (GHG) reduction targets.** We also signed letters to 14 other companies requesting the adoption of science-based targets.

- **This year, we joined the Investor Agenda, a global network of nearly 400 institutional investors representing $32 trillion in assets under management.** The Agenda—which was organized by the Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, the Investor Group on Climate Change (IGCC), the Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI), and the United Nations Environment Programme - Finance Initiative (UNEP FI)—was developed "to accelerate and scale up the actions that are critical to tackling climate change and achieving the goals of the Paris Agreement" through investment, corporate engagement, investor disclosure, and public policy advocacy.

- The Italian Ministry of Environment and the Global Reporting Initiative (GRI) hosted a roundtable discussion on corporate sustainability reporting at the Global Climate Action Summit 2018. **Domini CEO Carole Laible participated as a panelist, discussing Domini's support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**. She also took part in a GCAS roundtable organized by ShareAction on best-in-class approaches to developing climate-aligned portfolios.

- We continue working with the Interfaith Center on Corporate Responsibility (ICCR) to review company responses to our letters on climate change and science-based targets. This year, **we worked with ICCR and Boston Common Asset Management on a letter to U.S. small- and mid-cap banks about perspective and approach to climate risk**. This has been an ongoing conversation with larger banks, but this letter sought to bring smaller financial institutions into the conversation as well. The letter discussed the Paris Agreement, risks like "stranded assets," and market opportunities to finance the low-carbon transition. We were signatories to letters sent to the following banks: 1st Source Corp.*, Associated Banc-Corp*, Citizen's Bank*, Community Trust Bancorp Inc.*, East West Bancorp Inc., First Commonwealth Financial Corp., First Financial Bancorp*, First Horizon National Corporation, First Midwest Bancorp Inc.*, Moelis & Co.*, People's United Financial, Pinnacle Financial Partners Inc.*, S & T Bancorp Inc.*, Signature Bank.*, TCF Financial Corp.*, UMB Financial Corp.*, Washington Federal Inc., and Zions Bancorp.

- **As members of the Climate Action 100+, we continued to co-lead engagements with CalPERS on various climate-related issues with PepsiCo and Proctor & Gamble.** We participated on a Climate Action 100+ call with Pepsi to discuss governance and oversight of climate issues, GHG emissions reduction goals, and progress on potential reporting of climate scenario modeling in accordance with TCFD recommendations.

Plastic Pollution

Over the years, plastic production has grown astronomically. Unfortunately, only 14% of plastic packaging is currently collected for recycling, and most of it winds up in landfills or in our oceans after only a single use. **Plastic is a significant contributor to global warming and, with production expected to triple over the next three decades, investors are increasingly taking action to mitigate plastic pollution**.

- This year, **we joined the new Plastic Solutions Investor Alliance organized by As You Sow**. The Alliance launched with an Investor Declaration on Plastic Pollution, backed by 25 institutional investors with more than $1 trillion in assets under management. The Alliance's initial focus is to engage with companies on their use of plastic packaging. Examples of requests include: transitioning to recyclable, reusable, or compostable materials; disclosing annual plastic packaging use; setting plastic-use reduction goals; and supporting public policy measures on reducing plastic waste and broadening producer responsibility. As a member of that alliance we participated in calls with Nestlé* and Proctor & Gamble.

Deforestation & Palm Oil Sourcing

Deforestation poses substantial systemic threats to the climate, local communities, biodiversity, and human rights around the world. **For over a decade, we have engaged with companies in our portfolios to mitigate their impact on forests**. To understand this complex problem and ensure that our requests are appropriate, we maintain close connections with informed NGOs to help us understand conditions on the ground.

- Working with Rainforest Action Network (RAN) and Green Century Capital Management, **we sent a letter on behalf of 101 institutional investors managing more than $3.2 trillion to the Roundtable on Sustainable Palm Oil's (RSPO) Complaints Panel**. The letter calls on RSPO to implement a more transparent and responsive complaints mechanism to properly uphold the credibility of its certification system in order to assure investors, companies and other stakeholders that it will not certify conflict palm oil.

- Working with RAN, **we had several dialogues with PepsiCo related to its palm oil sourcing practices**, including its ongoing business relationship with Indofood, the parent company of Indofood Agri Resources, which owns two entities that are the subject of an RSPO labor rights complaint. Following several peers, Pepsi published a list of its palm oil mills, which also included Reforestadora de Palmas de Petén (REPSA), a private Guatemalan palm oil company that has been accused of egregious human rights and environmental violations. Prompted by our questions, Pepsi amended its published list to note that it had suspended purchases from REPSA during 2017.

- The forests in Southeast Asia, while known for their expansive biodiversity, are increasingly being threatened with widespread deforestation. **We met with RAN multiple times throughout the year, in both New York and Tokyo, to discuss deforestation in Southeast Asia and the role some Japanese companies play in this problem**.

- **We also submitted comments to RSPO on its 2018 Principles and Criteria review**, which set its standards for the next five years. We communicated with several consumer staples companies, including Pepsi, Kraft Heinz and Mondelēz International, seeking support for our comments, particularly with respect to child labor and ethical recruitment. We also had a call with UNICEF and Green Century to discuss their perspectives on the child labor provisions of the Principles and Criteria review.

- At this year's Ceres Conference, **we participated on the panel *Halting Deforestation: New Data & Tech are Helping Investors & Companies Save the World's Forests***.

Pollinator Health & Pesticides

Recent years have seen rapid decline in pollinator populations, including bees, butterflies, and other insects vital to the fertilization of flowering plants. Given that three-quarters of food crops rely on wild pollinators, continued population collapse poses a major threat to global food security and ecological sustainability. The widespread use of pesticides and fertilizers, which are damaging to pollinator populations' resistance to diseases and parasites, has been a primary contributor to this concerning trend. Furthermore, studies have shown that pesticides can pose significant human health risks, including neurological and reproductive risks. Many commonly used agricultural chemicals are also listed as known or probable carcinogens.

- This year, **we worked with ICCR on a set of comments to Pepsi on a draft public statement about its management of pesticides in its global supply chain**. Although Pepsi did not adopt our comments, the company later committed to dialogue and agreed to provide a more detailed position on systemic pesticides, including identifying which portions of their supply chain are most affected.

- **We had conversations with Home Depot about its announcement to eliminate methylene chloride paint strippers and its recently announced chemicals management policy.** We also discussed the company's progress on a neonicotinoids policy and raised concerns about the lack of detail in its most recent reporting on sustainable wood sourcing. In conjunction with ICCR, we also continued dialogue with Lowe's regarding its wood purchasing disclosures and the Chemical Footprint Project.

Dialogues on Public Reporting

Engaging Companies on SASB Standards

The Sustainability Accounting Standards Board (SASB) is a nonprofit that has developed a set of sustainability accounting standards to help corporations disclose material, decision-useful information to investors. **Domini CEO Carole Laible serves on SASB's Investor Advisory Group**.

- **As part of our ongoing participation in the Investor Advisory Group (IAG), this year we joined "IAG Engagement 2.0,"** a collaborative engagement effort looking to build on the success of an earlier pilot program. Through this campaign, we are asking companies to report sustainability data using current, relevant SASB standards.

- **As a member of the IAG, we participated on SASB calls with Flex*, Novo Nordisk, Unilever, and Waste Management*** to discuss the use of SASB indicators in their public reporting.

- **We continued our long-term dialogue with Gap about sustainability reporting, including discussion on the company's implementation of SASB standards.** We were happy to see Gap include sustainability as a risk factor in its annual financial filing for 2018, in which the company noted that sustainability policies and related design, sourcing, and operations decisions can impact customer sentiment. Management also noted in its discussion and analysis portion of the report that business priorities for the year included "continuing to integrate social and environmental sustainability into business practices to support long term growth."

- **During SASB's Public Comment Period, we sent a letter of support on its provisional standards.** We also signed onto a letter, co-authored by Green Century Capital Management, As You Sow and the Interfaith Center on Corporate Responsibility, offering a detailed set of comments on proposed changes to its provisional standards for the food and beverage sector.

Sustainable Taxonomies & Disclosures

We believe that meaningful, comparable sustainability information not only helps investors mitigate a range of financial risks, but also helps align capital markets with the needs of society and the planet.

- This year, **we continued to encourage the New York Stock Exchange (NYSE) to join its peers in issuing ESG guidance for its listed companies**. Although we were unable to reach an agreement when we filed a shareholder proposal on this topic in 2016 with NYSE's parent company, Intercontinental Exchange, we were encouraged by its statement of support for the Sustainable Stock Exchanges Initiative. As part of this ongoing engagement, we participated on a Ceres-organized call to discuss strategies for moving NYSE toward issuing ESG guidance.

- **We attended a convening organized by the United Nations' Principles for Responsible Investment (PRI) on the establishment of a unified EU classification system for sustainability disclosures.** The event was attended by many key PRI signatories and representatives from the European Commission.

- Throughout the year, **we continued to encourage corporations to implement the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)**.

Dialogues on Japan

The Domini Impact International Equity Fund invests in companies across Europe, the Asia-Pacific region, and throughout the rest of the world. At the end of 2018, **the Fund's largest country allocation was to Japan at 23%**. For context, its next largest allocation was to France at approximately 13%. For over a decade, we have had successful engagements with many Japanese companies that have made concerted efforts toward addressing environmental, social and governance risks.

This year, **we had the opportunity to address many risks and opportunities on topics of diversity, human rights, climate change, and more with a number of Japanese companies, as well as the Japanese government**.

Supporting a Sustainable Future for Japan

Climate change presents many significant risks for Japanese companies stemming from the country's continued dependence on coal, natural gas and nuclear power, reliance on large-scale centralized power grids, and recent efforts to expand the use of shale gas and "clean coal."

- As part of our efforts to address these systemic risks, this year, we engaged in dialogue with several leading Japanese institutions, including the **Government Pension Investment Fund (GPIF), the largest pension system in world with $1.4 trillion in assets under management**. In our conversations, we discussed several key sustainability issues, including climate change, diversity, and human rights risks in conflict zones. We also participated in a series of dialogues with Japanese government and corporate bond issuers in Tokyo, including some key issuers of green, social and sustainability bonds: the Development Bank of Japan, Japan International Cooperation Agency (JICA), and Sumitomo Mitsui Financial Group*.

- **We also attended an in-person meeting with Japan Shareholder Services (JSS) to discuss 2019 governance trends in Japan.** In these communications, we discussed several material issues related to the intersection between the energy transition and business competitiveness. We also relayed our expectations on corporate actions and disclosures. JSS is a joint venture between Mitsubishi UFJ Trust and Banking Corporation, the largest stock transfer agent in Japan, and Computershare Limited, the world's largest transfer agent.

Opposing New Coal-Power Developments

In 2018, we implemented a new standard to not invest in any utility that has announced plans for new coal power developments after December 12, 2015, the date of the Paris Agreement. However, **we continue to engage in dialogues to discourage companies from initiating new coal-power developments**.

- This year, **we participated in a three-day international online dialogue hosted by Preventable Surprises on new coal-power development by Asian utilities.** The dialogue focused on the roles banks and investors can play in engaging utilities and other stakeholders on the significant risks that coal presents to the global environment and society at large, as well as investment portfolios.

Gender Diversity on Japanese Boards

Japan is notorious for having poor gender diversity in corporate leadership. As of 2018, women held only 6.4% of board seats at Japanese companies in the MSCI ACWI Index, and 45% of companies did not have a single female director. **For many years, we have engaged with Japanese companies to promote gender diversity through letter writing and our principled use of proxy voting**.

- In October 2018, **we joined the Thirty Percent Coalition, a collaboration of asset owners, asset managers, companies and human resource consultants working to increase gender diversity in corporate board rooms.** In 2019, we plan to engage on both gender and racial diversity on corporate boards in the U.S. and Japan. By joining the coalition, we build on our history of promoting board diversity.

Human Rights Risks in Burma

While the democratic transition in Burma (Myanmar) is widely welcomed and foreign investments are critically needed, challenges remain. The country remains a high-risk environment for business operations due to weak human rights protections, weak environmental regulations and weak institutional governance. **We believe that responsible investors can play an important role in Burma's progress toward democracy and prosperity by shifting from a strategy of avoidance and divestment to one of careful scrutiny and engagement**.

As investors, we encourage companies to engage in robust human rights impact assessments prior to entering the country and, if they do enter, to continue to engage and report on how they are addressing these ongoing challenges. Investors with an understanding of these issues can help to advance democratic reforms while mitigating risk to their portfolios. Many Japanese companies investing and operating in Burma, however, are not transparent about their human-rights due diligence processes.

- This year, **we sent letters to 46 Japanese companies across various industries regarding Burma's (Myanmar) Rohingya humanitarian crisis and related human rights concerns**, including alleged genocide. We are seeking disclosure in accordance with the UN Guiding Principles on Business and Human Rights, including information about the companies' human-rights policies, due-diligence processes, and any engagement or remediation efforts in communities adversely affected by their Burmese operations or investments. Our letters asked for information on the following:

  1. Whether the company has operations or investment in Burma or Burmese entities, both directly or indirectly.
  2. Whether the company established human rights policy programs, including due diligence processes in accordance with the UN Guiding Principles on Business and Human Rights.
  3. Whether the company conducted the human rights due diligence processes regarding specific operations related to Burma.
  4. Whether the company has policies and programs for engaging local communities affected by the operations/investments in Burma.
  5. Whether the company has remediation processes for any adverse human rights impacts the businesses may have caused or contributed to.

- As of year-end, we have heard back from over half of the companies and have had **several in-person meetings with Mitsubishi Estate, a major Japanese real estate holding company, and Japan Shareholder Services** to further our discussion on disclosure in accordance with the UN Guiding Principles on Business and Human Rights.

Dialogues on Fixed Income

When the Domini Impact Bond Fund was launched in 2000, it was one of the first fixed-income funds to incorporate social and environmental standards into its investment process. Almost 20 years later, fixed income remains a relatively untapped asset class for many impact investors, despite having great potential for targeted and lasting impact. We believe fixed-income investments are particularly well suited for addressing a wide range of economic disparities in our society—such as access to housing, education, health care, and financial inclusion—as well as providing capital for environmentally beneficial projects.

Over the course of 2018, we participated in a number of focused engagements exploring how bond issuers and investors can work together to further impact in the fixed-income space.

Green & Social Financing in Affordable Housing

The Domini Impact Bond Fund is positioned to support access to affordable housing across the United States through its investments in housing agency bonds, including a large allocation to Fannie Mae issuances.

- This year, **we met with senior representatives from Fannie Mae to discuss the agency's efforts in green and social financing**, including how it can report on the impact of its work. We also discussed the systems-level implications of Fannie Mae as an organization. In these conversations, we expressed our strong support for affordable housing and its role as a public good. Affordable housing improves the resiliency of communities, particularly in historically underserved areas. We affirmed the interconnectivity between social and environmental factors in housing considerations, such as climate risk and access to clean water and energy. Climate change, in particular, continues to be a large risk factor in siting determinations.

- **We also participated in an investor consultation with Ernst & Young and Fannie Mae focusing on ESG factors and materiality in fixed income.** The space is increasingly becoming more creative with regard to the securitization of green financing. For example, Fannie Mae's Green Financing program has rapidly grown in the past few years alone, and the agency's commitment to green financing and green mortgage-backed-security issuances has propelled it to become one of the largest green-bond issuers in the world. One of the Domini Impact Bond Fund's holdings is part of that Green Financing program, and we valued the opportunity to communicate our expectations on sustainability disclosure for these issuances. Better disclosure allows for better ESG risk-factor analysis, and we are excited to see great progress with the publication of Fannie Mae's first *Multifamily Green Bond Impact Report*.

Green-Bond Market Development & Pre-Issuance Engagements

We have a long-standing commitment to transparency as an asset manager and seek the same from issuers. **We are happy to engage with green-bond issuers to communicate what impact investors look for in reporting, as well as to provide feedback on their developing green-bond frameworks and eligibility criteria for use of proceeds**. As the field has developed, we have been active in pre-issuance engagements with corporate, municipal and multilateral development banks on their inaugural green bonds.

- During 2018, **we hosted numerous investor roadshows at our New York office, where we met with green-bond issuers. We also provided consultations with sovereign entities on our expectations as investors**. These conversations have been helpful in the development of our fixed-income standards, as well as in our evaluations of the issuers themselves, and we expect to play a larger role in these engagement in the future.

- **During NYC Climate Week we participated in a full day of one-on-one discussions hosted by Bank of America Merrill Lynch with both prospective green-bond issuers and issuers who have previously issued a green bond.** In these meetings, we had the opportunity to discuss our investor expectations with the following entities from around the world: African Development Bank, Bank of America, CAF – Development Bank of Latin America, European Investment Bank, International Bank for Reconstruction and Development, Klabin, Kommunivest, Municipality Finance (MuniFin), Nederlandse Watershcapsbank, Westpac Banking, and Xcel Energy*.

Reflecting Climate Risks in Credit Ratings

We believe fixed-income issuers that incorporate social and environmental criteria should receive a pricing benefit, and that these criteria ought to be reflected in their credit ratings. Credit-rating agencies play a critical role in addressing such challenges in capital markets.

- **We held dialogues with analysts at credit-rating agency Moody's on ESG factors in credit analysis.** Our discussions touched on both climate transition and physical risk factors, which we believe should be integrated into the agency's general sector-level credit rating methodologies. We believe its current base-line scenario, which was developed by the International Energy Agency, is too optimistic with regard to fossil-fuel industries. We also expressed our concerns with the use of carbon capture and sequestration by many companies in carbon-intensive sectors as part of their plans to reduce carbon emissions. Additionally, we brought to their attention that Moody's green bond ratings do not affect issuer-level ratings, which makes it difficult for the market to price in "green-ness."

Our Shareholder Proposals

Shareholder proposals have catalyzed thousands of constructive engagements to the benefit of investors, corporations, and broader society. Since 1994, we have filed proposals each year to send signals to corporate management teams and boards about a variety of social and environmental issues. We view the shareholder proposal as a tactical tool, not an end. Our goal is to encourage companies to engage in dialogue to make progress on the underlying issue. Often, our proposals encourage companies to speak to us about our concerns and we can reach an agreement. In these cases, we are pleased to withdraw the proposals. If not, they are included in proxy statements and presented at corporate annual meetings, where they are put to a vote.

Below is a list of all our shareholder proposals that went to a vote or were filed during 2018. Vote results were determined by a simple majority vote excluding abstentions and broker non-votes.

Biogen

Topic:
Pharmaceutical pricing and executive compensation

Vote:
28.2%

As investors, we believe that senior executive incentive compensation arrangements should reward sustainable long-term value creation, which is why we have been in ongoing dialogue and filed shareholder proposals with Biogen in both 2017 and 2018. We believe pharmaceutical companies face a key risk from backlash against high drug prices. While we have been encouraged by Biogen's improved transparency on pricing, we believe more disclosure is necessary.

In 2017, the Securities and Exchange Commission (SEC) allowed Biogen to omit our proposal from its proxy statement. However, we refiled the proposal for 2018, requesting a report on the extent to which risks related to public concern over drug pricing strategies are integrated into incentive compensation policies, plans and programs for senior executives. Our proposal received a 28.2% vote in 2018.

Motorola Solutions

Topic:
Report on supplier labor standards in global supply chains

Vote:
13.1%

There is growing awareness of the role of unscrupulous labor recruiters in exploiting workers and job seekers through charging fees, withholding personal papers/passports and failing to provide written contracts spelling out the terms of employment. Failure to put proactive policies and procedures in place exposes a company to significant risks, including legal action and media reports that negatively impact reputation.

According to the UN Guiding Principles on Business and Human Rights, companies have a 'corporate responsibility' to respect human rights within their operations and supply chains. As a multinational company dependent upon extended supply chains in many countries, we filed a shareholder proposal with Motorola Solutions to assess if workers are being recruited into debt bondage, forced labor, and, ultimately, slavery.

While we acknowledge Motorola Solutions has ethical recruitment policies and describes its process for implementing its forced labor and human trafficking policies, we feel it is not enough. Our proposal requested an annual report disclosing efforts to ensure its global supply chain is free of forced or bonded labor, including any efforts to reimburse workers for recruitment fees that were paid in violation of the company's policies. Our proposal received a 13.1% vote at the Motorola Solutions 2018 annual meeting.

Nike

Topic:
Adoption of responsible tax principles

Omitted by the SEC

We joined the AFL-CIO, a federation of 56 unions that represent 12.5 million workers, in submitting a proposal for inclusion in Nike's 2018 proxy statement, requesting that the Board review the company's tax arrangements and adopt a set of principles to guide its tax practices. Our proposal asked the company to respond to rising public pressure to limit offshore tax avoidance strategies by adopting and disclosing to shareholders a set of principles to guide its tax practices.

Specifically, we requested that its principles state Nike's Board would consider the impact of Nike's global tax strategies on local economies and government services that benefit Nike; ensure that Nike seeks to pay tax where value is created; periodically assess the reputational consequences of engaging in practices deemed to be "tax avoidance" by stakeholders, such as customers, shareholders and employees; and annually review Nike's tax strategies and assess the alignment between the use of such strategies and the company's stated value or goals regarding sustainability. In 2018, the proposal was omitted from the company's proxy statement by the SEC due to ordinary business practices.

Nucor

Topic:
Issue a lobbying report tied to climate change denial

Vote:
36.6%

As stockholders, we encourage transparency and accountability in the use of corporate funds to influence legislation and regulation. Nucor does not disclose its trade association memberships, or its payments used for lobbying. Nucor also does not disclose its membership in or payments to tax-exempt organizations that write and endorse model legislation, such as the Heartland Institute, a proponent of climate-change denial, and the American Legislative Exchange Council (ALEC), a proponent of numerous controversial pieces of model legislation. We are concerned that Nucor's lack of trade association and ALEC disclosure presents reputational risks. Over 100 companies have publicly left ALEC, including 3M, Deere, Emerson Electric and International Paper.

We therefore filed a shareholder proposal requesting the preparation of an annual report on the company's policies and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications. In addition, we are seeking disclosure of payments used for lobbying. Although our proposal received more than 30% support for the past three years, we have been unsuccessful in initiating dialogue with the company. Our proposal received a 36.6% vote in 2018 and, for this reason, we decided to refile again for the 2019 proxy season.

Amazon.com

Topic:
Issue a report on its analysis of the community impacts of Amazon's operations

Omitted by the SEC

We believe that vast and growing economic and social inequalities in the U.S., and around the world, have become an increasing source of social, political and economic risk. These inequalities are a result of interrelated factors, including access to education, health care, housing, and safe living and working conditions. The operations of large companies in some ways can have meaningful impacts on these drivers of inequality. Some act as "anchor institutions," creating a reinforcing cycle of positive impacts, while others burden the communities in which they operate.

We believe Amazon faces significant financial and reputational risks connected to its perceived and actual negative impacts on the communities in which it operates. Future expansion of Amazon operations may be hampered by these risks which, if left unaddressed, may continue to grow. The company's recent decision to cancel its HQ2 deal with New York City is likely related to these risks.

In 2018, we filed a proposal to request that Amazon's Board report on its analysis of risks and opportunities attendant to its presence in communities, considering near- and long-term local social and economic factors. The report could include effects on housing availability, health outcomes, green space, schools, and physical and communications infrastructure. We were joined by the New York State Common Retirement Fund in the filing of our shareholder proposal. In early 2019, the proposal was omitted from the company's proxy statement by the SEC due to ordinary business practices.

Walgreens Boots Alliance

Topic:
Issue a report on governance measures related to opioids

Vote:
60.5%

Opioid abuse is a public health crisis, and we believe corporate governance can play an important role in effectively addressing opioid-related risks. Retail pharmacies have played an unfortunate role in the epidemic, with theft and loss of opioids contributing to the illicit trade of prescription opioids. Walgreens Boots Alliance is one of the only major U.S. retail pharmacies we currently approve for investment. While we acknowledge the company has taken steps to address the opioid crisis, including expanding its pharmaceutical disposal infrastructure and providing overdose reversal drug Narcan (naloxone) without requiring a prescription, risks remain. The company, along with other pharmacies, has been subject to numerous lawsuits related to its role in the epidemic. We are also concerned with Walgreen's 26% ownership of drug distributor AmerisourceBergen, which is ineligible for investment by the Domini Funds due to concerns over its significant role in the crisis.

In 2018, alongside Mercy Investment Services and a coalition of other investors organized by Investors for Opioid Accountability, we co-filed a shareholder proposal at Walgreens. The proposal requested that the Board of Directors issue a report on "the corporate governance changes the company has implemented since 2012 to more effectively monitor and manage the financial and reputational risks related to the opioid crisis, including whether and how the Board oversees Walgreens' opioid-related programs and AmerisourceBergen's opioid-related risks, whether the crisis has been designated a material corporate social responsibility issue and whether and how Walgreens has changed senior executive compensation arrangements."

In January 2019, we were very happy that our proposal received majority support from Walgreens shareholders, with 60.5% of the vote. Although the proposal is non-binding, we believe this sends an extremely strong signal to Walgreens and other retail pharmacies that these risks cannot be ignored. We are hopeful that the result will encourage Walgreens to continue taking steps to address the opioid crisis and hope we can continue dialogue.

> "Our Walgreens proposal underscores how shareholder proposals can be a highly effective tool for holding companies accountable for their social and environmental impacts."
>
> -Carole Laible

VIEW OUR PAST SHAREHOLDER PROPOSALS
at ***www.domini.com***

Proxy Voting: Voting Our Values

In 2018, the Domini Funds voted on a total of **4,463** proposals at **341** corporate meetings.

	Domini Impact International Equity Fund	Domini Impact Equity Fund
Number of meetings	**207**	**134**
Number of proposals	**2,724**	**1,739**
% of management proposals supported	**61%**	**71%**
% of shareholder proposals supported	**14%**	**96%**

When you own stock in a corporation, you have the right to vote on proposals at the company's shareholder meetings. When you own shares in a mutual fund, like the Domini Funds, your fund manager exercises this right on your behalf. Proxy ballots typically contain proposals from company management on issues of corporate governance, such as the election of the board of directors and approval of executive compensation packages. They may also include shareholder proposals on a variety of topics such as the proposals we filed, which are discussed on the preceding pages. Fund managers have a fiduciary duty to vote proxies for the stocks in its portfolio in the best interest of its shareholders.

More recently, we have seen some shift in rhetoric on environmental and social issues by the mainstream financial community. However, the voting records of many fund managers tell a different story. Nearly across the board, the largest fund managers tend to vote in line with management recommendations and generally support very few shareholder proposals, which typically advocate for sustainable and responsible business practices. For example, a recent study by Ceres found that, particularly around the topics of climate change, some of the largest managers have among the worst voting records in the fund industry.

As impact investors, we exercise more discretion. **We have always viewed the proxy voting process as a critically important avenue through which we can engage with companies on issues that matter to our shareholders**. We vote all proxies in accordance with our Proxy Voting Guidelines & Procedures, which are published on our website. These guidelines cover more than 100 environmental, social and corporate governance issues. We believe that corporations can create long-term, broad-based value both for their stockholders and other stakeholders if they are transparent, accountable, and adopt democratic governance principles. Our guidelines are based on and reflect these core values.

Our History of Proxy Voting Leadership:

- 1992: We were among the first fund managers to publish our Proxy Voting Guidelines.
- 1999: We were the first mutual fund manager in the U.S. to publicly disclose our proxy votes.
- 2003: We successfully petitioned the SEC to adopt a new rule requiring mutual funds to disclose their proxy voting policies and votes.

READ OUR PROXY VOTING GUIDELINES

and review our votes at ***www.domini.com***

Proxy Voting: Promoting Diverse & Independent Boards

Directors are elected to corporate boards to provide oversight of management and represent shareholder interests. We analyze the composition of corporate boards and vote on director elections and appointments accordingly.

We believe that gender and racial diversity on boards helps to mitigate governance risks and promote a more equitable workplace. Companies with diverse leadership are more likely to avoid group-think and have the potential to better understand customer needs, anticipate new societal trends and emerging issues, and foster cooperation with their workforce and communities. Having diverse leadership also helps deter discriminatory practices and fosters a culture of tolerance and inclusiveness throughout an organization.

We take a similarly proactive stance with director independence. We believe it is in the best interest of all shareholders that a majority of board members, including the chair of the board, be independent, meaning they have no other material connection to the company, such as other employment or financial entanglements. Furthermore, we believe that it is critical to the protection of shareholder interests that certain key committees, such as the audit committee or compensation committee, be composed entirely of independent directors.

Overboarding is another factor we consider in whether we support a board's composition. Many directors serve on more than one board and do so effectively. However, some serve on a large number of boards, and we believe that it is important for directors to not overextend their time commitments.

Domini Impact International Equity Fund

In 2018, we voted on **1,151** management proposals related to director elections and voted against **63%**.

The most commonly cited reasons for voting against management proposals to elect directors included insufficient diversity, insufficient independence, and overboarding. In some cases, we voted against management for more than one reason. In 2018, we voted against management:

344 times
due to insufficient diversity

525 times
due to insufficient independence

29 times
due to overboarding

Domini Impact Equity Fund

In 2018, we voted on **1,254** management proposals related to director elections and voted against **28%**.

The most commonly cited reasons for voting against management proposals to elect directors included insufficient diversity, insufficient independence, and overboarding. In some cases, we voted against management for more than one reason. In 2018, we voted against management:

217 times
due to insufficient diversity

142 times
due to insufficient independence

12 times
due to overboarding

Proxy Voting: Promoting Fair & Just Compensation

We are concerned about the continued and excessive rise in executive compensation at publicly traded corporations. In the 1970s CEOs earned approximately 20 times the wage of an ordinary worker. In recent years, it is common to find CEOs making as much at 200-300 times as much as an ordinary worker. In the context of growing inequality, we believe this to be unacceptable.

While salaries of executives continue to grow, the largest percentage of executive pay tends to be based on meeting certain performance conditions that reward executives with lucrative bonuses and stock-based awards. In certain cases, this can create a higher tolerance for risk, which can lead to disastrous consequences for shareholders and other stakeholders, as seen during the 2008 financial crisis. In other cases, incentive-based pay rewards actions that raise a company's share price without producing any real value.

In general, we have worked to curtail the extreme growth of executive pay by voting against what we view as excessive pay packages, as well as those that reward risk-taking with outsized or ill-defined incentives. According to a recent review of 100 mutual fund families, Domini was one of only two fund managers that voted against pay packages of each of the top 100 most overpaid CEOs in 2018. We will vote against any executive pay package that grants an executive $10,000,000 or more. We will also vote against severance agreements—so called 'Golden Parachutes'—that grant CEOs huge payouts in the event of a merger or acquisition. Finally, we support shareholder proposals that seek to tie executive pay to issues that matter to all stakeholders, such as climate change, drug pricing and cyber security.

Domini Impact International Equity Fund

In 2018, we voted on **210** management proposals related to compensation and voted against **53%**.

The most commonly cited reasons for voting against management proposals related to compensation packages included excessive compensation, plan composition, and insufficient disclosure. In some cases, we voted against management for more than one reason. In 2018, we voted against management:

41 times
due to excessive compensation

36 times
due to plan composition

34 times
due to insufficient disclosure

Domini Impact Equity Fund

In 2018, we voted on **128** management proposals related to compensation and voted against **65%**.

The most commonly cited reasons for voting against management proposals related to compensation packages included excessive compensation, plan composition, and insufficient disclosure. In some cases, we voted against management for more than one reason. In 2018, we voted against management:

78 times
due to excessive compensation

5 times
due to plan composition

3 times
due to insufficient disclosure

Proxy Voting: Supporting Shareholder Proposals

In addition to filing our own shareholder proposals, we also vote on shareholder proposals filed by other investors. Most asset managers support relatively few shareholder proposals and very few receive a majority vote. However, if they receive enough support, even though they are non-binding, they can send a strong signal to management and, in some cases, have been enough to convince them to implement change. We support proposals brought by other investors when they align with our goals of universal human dignity and ecological sustainability.

In 2018, the Domini Impact Equity Fund and the Domini Impact International Equity Fund collectively voted on 119 shareholder proposals on a wide variety of environmental, social and governance topics. **We supported 108[1] of these shareholder proposals, including:**

8 proposals on environmental reporting

We supported 8 proposals seeking reports on renewable energy goals, greenhouse-gas emissions reduction targets, use of sustainable packaging materials, and the impact of pesticides on pollinators.

Highlight: We supported a proposal at Starbuck's seeking that the company report on its use of sustainable packaging. The proposal requested that the policy include "making cups recyclable, ensuring that cups collected are actually recycled, increasing recycled content, removing plastic straws, and identifying a feasible path toward a scaled commitment to its original goal for reusable cup usage."

8 proposals on improving social impact of business activities

We supported 8 proposals seeking revisions to human rights policies, adoption of policies regarding prison labor, and reports on forced labor in global supply chains, risks associated with sourcing materials from conflict areas, the impact of plant closures on communities, responsible tax principles, and major global content management controversies.

Highlight: We supported a shareholder proposal at Mondelēz International seeking that the Board of Directors form a committee, including employee representatives, to report on the impacts of the closure of manufacturing facilities on local communities, and to explore ways to mitigate those impacts in the future.

13 proposals on improving transparency on political activities

We supported 13 proposals seeking reports on political lobbying and political contributions.

Highlight: We supported a shareholder proposal at AT&T seeking an annual report disclosing lobbying policies and payments, as well as a description of management and the Board's decision-making and oversight related to any payments.

1. Of the 108 proposals we supported in 2018, 107 shareholder proposals were supported by the Domini Impact Equity Fund, including the Biogen, Motorola Solutions, and Nucor proposals filed by the Fund itself. These are highlighted above and on the following page. The Domini Impact International Equity Fund also supported one shareholder proposal to approve a special dividend.

7

proposals on improving diversity and pay equity

We supported 7 proposals seeking reports on employment diversity, employee pay ratios and the gender pay gap, and adoption of policies on board diversity, among others.

Highlight: We supported a shareholder proposal at Alphabet seeking "a report on the risks to the company associated with emerging public policies on the gender pay gap, including associated reputational, competitive, and operational risks, and risks related to recruiting and retaining female talent."

13

proposals on improving executive compensation policies and practices

We supported 13 proposals seeking adoption of policies to link executive compensation to metrics like sustainability, drug pricing, and cyber security and data privacy; to adjust executive compensation metrics to account for share buybacks; and to strengthen executive compensation clawback policies.

Highlight: We supported a shareholder proposal at Verizon Communications seeking a report "assessing the feasibility of integrating cyber security and data privacy metrics into the performance measures of senior executives under the company's compensation incentive plans.

19

proposals on improving board composition, director independence and governance

We supported 19 proposals seeking adoption of policies to require independent chairs, to require the nomination of a director with human rights experience, and to establish committees on human rights, risk management, and international policy, among others.

Highlight: We supported a proposal at Apple seeking the establishment of "a Human Rights Committee to review, assess, disclose, and make arrangements to enhance Apple's policy and practice on human rights."

39

proposals on expanding shareholder rights

We supported 39 proposals seeking proxy access amendments and adoption of policies to require a simple majority vote to pass resolutions, to reduce the ownership threshold for calling a special meeting, and to approve recapitalization plans for all stock share classes to have one vote per share, among others.

Highlight: We supported a proposal at Facebook seeking a recapitalization of all existing share classes that would give each share an equal vote. Currently, Class B shareholders receive 10 votes per share, giving CEO Mark Zuckerberg control of 51% of the vote.

Public Statements

As part of our engagement work and collaboration with other investors and multi-stakeholder groups, we regularly contribute to or endorse statements and letters addressing social, environmental, corporate governance and public policy issues. Below is a list of public statements we supported during 2018, with the lead author(s) or organizer(s) noted for each.

Investor Statement Calling on Global Brands to Strengthen Worker Safety in the Bangladesh Garment Sector • *ICCR* (Domini helped draft statement, signed by 150 institutional investors representing over $3.7 trillion)

Letter to SASB during public comment period on proposed changes to provisional standards for the Food & Beverage Sector • *Green Century Capital Management*, *As You Sow* & *ICCR* (signed by investors and organizations representing over $60 billion)

Letter to Governor Brown and Members of the California State Legislature in support of Senate Bill 100, which will accelerate and expand the State's clean-energy targets • *Ceres* (signed by 20 institutional investors representing $212 billion)

A New Bar for Responsible Tax: The B Team Responsible Tax Principles • *The B Team* (Domini was part of the working group that oversaw the drafting of the Principles)

Letter to members of U.S. Congress urging action to reinstate Temporary Protected Status (TPS) for El Salvador, Haiti, and Nicaragua for another 18 months, and to extend TPS for Syria, Nepal, Honduras, and the remaining countries for at least another 18 months • *ICCR* (signed by 113 institutional investors representing $500 billion)

Letter to the Roundtable on Sustainable Palm Oil (RSPO) concerning human rights violations in RSPO members' palm oil production, and calling on RSPO to implement a more transparent and responsive complaints mechanism to properly uphold the credibility of its certification system • *Domini co-authored letter with Green Century Capital Management* (signed by 101 institutional investors representing over $3.2 trillion)

Letter to U.S. Securities and Exchange Commission expressing concerns about a decision to permit EOG Resources, an oil and gas company, to omit a shareholder proposal on climate change from its proxy statement • *Domini helped draft the letter with s*everal attorneys that defend shareholder proposals

Investor Statement on Gun Violence • *ICCR* (Domini helped draft the statement, signed by 142 institutional investors representing $634 billion)

Investor Statement of Concern on the Increasing Harassment and Attacks on Human Rights Defenders • *Investor Alliance for Human Rights* (signed by 68 institutional investors)

Letter to Banks and Credit Card Companies: Investor Concerns over Firearms Financing • *First Affirmative Financial Network* (signed by 43 institutional investors representing $54 billion, and sent to 18 major banks and credit card companies)

Letter to oil and gas companies and the banks that fund them in opposition to drilling in the Arctic National Wildlife Refuge • *Sierra Club* (signed by institutional investors representing $2.52 trillion)

KnowTheChain Investor Statement: Investor Expectations on Addressing Forced Labor in Global Supply Chains • *Investor Alliance for Human Rights* & *KnowTheChain* (signed by investors representing $3.4 trillion)

2018 Global Investor Statement to Governments on Climate Change • *Asia Investor Group on Climate Change*, *CDP, Ceres*, *Investor Group on Climate Change*, *Institutional Investors Group on Climate Change*, *PRI* & *the United Nations Environment Programme – Finance Initiative* (signed by 420 institutional investors representing $32 trillion)

Investor Statement on Supply Chain Modern Slavery Legislation in Canada • *Shareholder Association for Research and Education*, *Church Investors Group, Church of Sweden* & *ICCR* (signed by 129 global institutional investors representing $2.3 trillion CAD

Letter to the U.S. Securities and Exchange Commission expressing concerns related to the shareholder proposal process and the SEC's Rule 14a-8 no-action letter season • Domini helped draft the letter on behalf of a large coalition of investors

THESE STATEMENTS ARE AVAILABLE
to read on ***www.domini.com***

Investor Declaration on Plastic Pollution • *Plastic Solutions Investor Alliance* (convened by *As You Sow*, signed by 25 institutional investors representing $1 trillion)

Letter to Amazon.com CEO Jeffrey Bezos regarding privacy concerns related to Rekognition, a facial recognition system being sold to law enforcement agencies • *Harrington Investments* (signed by 19 institutional investors)

Letter to UN Working Group on Human Rights and Transnational Corporations and Other Business Enterprises to provide recommendations on the practice of corporate human rights due diligence • *Investor Alliance for Human Rights* (Domini helped draft the letter)

Proxy Season 2018: Shareholder Proposal Decision-Making of the Securities and Exchange Commission: Analysis and Recommendations of the Shareholder Rights Group • *Sanford Lewis, Director of the Shareholder Rights Group* (Domini helped review the report)

Joint Letter to General Electric Regarding Amu Power's Lamu Coal Plant • *As You Sow* (signed by 56 institutional investors representing $713 billion)

Letter to RSPO encouraging the integration of ESG factors into its palm oil production standards during the 2018 Principles and Criteria review, which will set the standards for the next five years • *Ceres* (signed by more than 90 institutional investors representing $6.7 trillion)

Statement of Support for the objectives of the Cerrado Manifesto (halt deforestation and incentivise sustainable land management in Brazil's Cerrado biome) • *FAIRR* (signed by 35 institutional investors and more than 70 global consumer goods companies)

Letter to U.S. Department of Labor opposing its decision to remove cotton from Uzbekistan from the List of Products Requiring Federal Contractor Certification as to Forced or Indentured Child Labor • *The Cotton Campaign*

Investor Statement in Support of the Continued Functioning of the Accord to Ensure Bangladesh Factories are Safe for Garment Workers • *ICCR* (signed by 153 institutional investors representing over $2.8 trillion)

Letter to Senator Elizabeth Warren in support of the Climate Risk Disclosure Act of 2018 • *Union of Concerned Scientists* (signed by 33 institutional investors and environmental- and public interest- organizations)

Investor Statement: Access to Medicine Index • *Access to Medicine Foundation* (signed by 73 institutional investors representing over $10 trillion)

Tobacco-Free Finance Pledge • *Principles for Sustainable Insurance, United Nations Environment Programme Finance Initiative* (signed by over 140 institutional investors representing over $7.1 trillion)

Investor Statement on Turkmen Cotton • *Responsible Sourcing Network* (signed by 42 institutional investors representing over $50 billion)

Statement of Investor Commitment to Support a Just Transition on Climate Change • *PRI* (signed by 126 institutional investors representing over $6 trillion)

Letter to the Government of Bangladesh related to the ongoing labor and environmental violations occurring in the Bangladesh leather sector • *ICCR* (signed by 58 institutional investors)

Letter to Amazon.com expressing concern over its lack of meaningful engagement with its shareholders • *ICCR* (signed by 114 institutional investors representing over $2.6 trillion)

Letter to Teva Pharmaceutical on risks related to the manufacturing and sale of opioids • *Investors for Opioid Accountability, which represents investors managing $2.2 trillion* (signed by 26 institutional investors)

Supporting Civic Freedoms, Human Rights Defenders and the Rule of Law • *Business Network on Civic Freedoms and Human Rights Defenders* (Domini was one of eight initial supporters)

Working Together

Domini is fortunate to be part of a wonderful community of investors, NGOs, and civil society organizations that care deeply about creating a sustainable future for all. Our engagements and shareholder activism work, in particular, are highly collaborative, and we regularly draw on the expertise of our fellow investors and partner organizations. Systemic issues like climate change, forced labor, and opioid abuse can be effectively addressed only when we join together and increase our leverage. Our partnerships and collaborations amplify our impact, making our community a driving force for change.

We are grateful for all our partnerships, which extend far beyond this list. However, we owe special thanks to the following long-term partners, which we are proud to continue to support:

CDP

CDP (formerly known as the Carbon Disclosure Project) is a not-for-profit that runs a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Domini is a CDP signatory.

Ceres

Ceres is a sustainability nonprofit organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. Domini is a member of the Ceres Investor Network on Climate Risk and Sustainability, which comprises more than 163 institutional investors, collectively managing more than $25.4 trillion in assets.

EIRIS Conflict Risk Network

EIRIS Conflict Risk Network (CRN) is a network of institutional investors, financial service providers, and related stakeholders working to mitigate conflict risk and increase responsible foreign investment in conflict zones, in order to protect civilians, as well as investment returns. Domini is a founding member of CRN and serves on its Advisory Board.

Interfaith Center on Corporate Responsibility

The Interfaith Center on Corporate Responsibility (ICCR) pioneered the use of shareholder advocacy to press companies on environmental, social and governance issues. ICCR is a coalition of over 300 global institutional investors, with more than $400 billion in managed assets. Domini is an Associate member of ICCR and serves on its Human Rights Advisory Committee and various working groups.

Principles for Responsible Investment

The United Nations-supported Principles for Responsible Investment (PRI) works with its international network signatories to put its six Principles into practice. Its goals are to understand the investment implications of ESG issues and to support signatories in integrating these issues into investment and ownership decisions. PRI signatories currently manage more than $80 trillion. Domini is founding signatory and has participated in various consultations.

NOTE: Domini Impact Investments LLC and its subsidiaries are not affiliated with any of the entities listed herein.

Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) is a nonprofit that works to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. Domini currently serves on SASB's Investor Advisory Group (IAG), and is a member of the SASB Alliance, a program dedicated to developing industry-specific sustainability indicators for companies to include in SEC-mandated financial reports.

The Investment Integration Project

The Investment Integration Project (TIIP) designs, provides, and maintains data and tools that enable institutional investors to make the important connection between portfolio-level decisions and systems-level considerations. Domini's Steve Lydenberg (Partner, Strategic Vision) is the founder and CEO of TIIP, and Domini serves as an advisor to the project.

US SIF: The Forum for Sustainable and Responsible Investment

US SIF: The Forum for Sustainable and Responsible Investment is the leading voice for advancing sustainable, responsible, and impact investing across all asset classes. Domini is a member of US SIF's public policy committee.

During 2018, we also participated in engagements through the following multi-stakeholder organizations and initiatives:

Access to Medicine Index	As You Sow	The B Team	Business & Human Rights Resource Centre
Climate Action 100+	Farm Animal Investment Risk & Return	Global Network Initiative	Global Reporting Initiative
Human Capital Management Coalition	The Investor Agenda: Accelerating Action for a Low-Carbon World	Investor Alliance for Human Rights	Investors for Opioid Accountability
ShareAction	Task Force on Climate-related Financial Disclosures	Thirty Percent Coalition	We Are Still In

Carefully consider each Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Funds' prospectus, which may be obtained by calling 1-800-762-6814, or at www.domini.com. Please read the prospectus carefully before investing or sending money.

Past performance is no guarantee of future results. The Domini Funds are not bank deposits and are not insured. 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.

The Domini Impact Equity Fund and Domini Impact International Equity Fund are subject to market, market segment, foreign investing and style risks. 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. These risks are magnified in emerging markets.

The Domini Impact Bond Fund is subject to interest rate, liquidity, credit and market risks. During periods of rising interest rates, bond funds can lose value. The Domini Impact Bond Fund currently holds a large percent-age 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.

Investments in derivatives can be volatile. Potential risks include currency risk, leverage risk (the risk that small market movements may result in large changes in the value of an investment), liquidity risk, index risk, pricing risk, and counterparty risk (the risk that the counterparty may be unwilling or unable to honor its obligations). TBA (To Be Announced) securities involve the risk that the security the Domini Impact Bond Fund buys will lose value prior to its delivery, that the security will not be issued, or that the other party to the transaction will not meet its obligation, which can adversely affect the Domini Impact Bond Fund's results.

Although the U.S. government guarantees principal and interest payments on securities issued by the U.S. government and some of its agencies, such as securities issued by the Government National Mortgage Association ("Ginnie Mae"), this guarantee does not apply to losses resulting from declines in the market value of these securities. Some of the U.S. government securities that the Domini Funds may hold are not guaranteed or backed by the full faith and credit of the U.S. government, such as those issued by Fannie Mae (formally known as the Federal National Mortgage Association) or Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), and no assurance can be given that the U.S. government will provide financial support.

The reduction or withdrawal of historical financial market support activities by the U.S. government and Federal Reserve, or other governments/central banks could negatively impact financial markets generally, and increase market, liquidity and interest rate risks which could adversely affect the Domini Impact Bond Fund's returns.

As of 12/31/18, these securities represented the following percentages of the Domini Impact Equity Fund's portfolio: 3M Company [0.75%]; AbbVie [0.90%]; Alphabet Inc. [4.29%]; Amazon.com, Inc. [4.23%]; Analog Devices, Inc. [0.21%]; Apple Inc. [4.60%]; AT&T Inc. [1.37%]; The Bank of America Corporation [1.51%]; Biogen Inc. [0.41%]; CarMax [0.07%]; Chipotle Mexican Grill, Inc. [0.08%]; Citigroup Inc [0.88%]; Costco Wholesale Corporation [0.60%]; Deere & Company [0.32%]; East West Bancorp Inc. [0.04%]; The Emerson Electric Co. [0.26%]; The Gap, Inc. [0.05%]; General Mills, Inc. [0.16%]; The Home Depot, Inc. [1.31%]; Intel Corporation [1.44%]; Intercontinental Exchange [0.29%]; International Paper [0.11%]; The Kraft Heinz Company [0.19%]; The Kroger Co. [0.15%]; Liberty Property Trust [0.04%]; Lowe's Companies [0.48%]; Mastercard Incorporated [1.15%]; Microsoft Corporation [5.33%]; Mondelēz International, Inc. [0.39%]; Moody's Corporation [0.16%]; Motorola Solutions, Inc. [0.13%]; Netflix, Inc. [0.79%]; The New York Times [0.02%]; Nike, Inc. [0.64%]; Novartis International AG [1.41%]; Novo Nordisk A/S [0.53%]; Nucor [0.11%]; People's United Financial, Inc. [0.04%]; PepsiCo, Inc. [1.04%]; Pfizer Inc. [1.72%]; Public Service Company of Colorado [0.12%]; Regency Centers [0.07%]; Sanofi S.A. [0.67%]; SBA Communications Corporation [0.12%]; Starbucks Corporation [0.54%]; STMicroelectronics N.V. [0.19%]; Sysco Corporation [0.21%]; The Procter & Gamble Company [1.53%]; Thermo Fisher Scientific [0.62%]; Toyota Motor Corporation [0.94%]; Unilever Plc [0.40%]; Verizon Communications Inc. [1.59%]; Visa Inc. [1.57%]; Walgreens Boots Alliance, Inc. [0.38%]; The Walt Disney Company [1.09%]; Westpac Banking Corporation [0.41%]; Zions Bancorporation [0.05%]. Whole Foods is a wholly owned subsidiary of Amazon.com.

As of 12/31/18, these securities represented the following percentages of the Domini Impact International Equity Fund's portfolio: ABN AMRO Bank N.V. [0.79%]; Adidas AG [1.08%]; Allianz SE [2.27%]; AXA S.A. [1.88%]; Carrefour S.A. [<0.01%]; The Central Japan Railway Company [1.82%]; Coca-Cola European Partners Plc [1.91%]; J Sainsbury Plc [1.25%]; Kering S.A. [1.97%]; Koninklijke Ahold Delhaize N.V. [1.72%]; Mitsubishi Estate Co., Ltd. [0.12%]; Mitsui Fudosan Co., Ltd. [1.08%]; Nissan Motor Co., Ltd. [2.38%]; Novartis International AG [2.81%]; Sandvik AB [2.03%]; Sanofi S.A. [3.27%]; Shionogi & Company, Limited [1.70%]; Telefónica, S.A [2.09%]; Unilever Plc [<0.00%]; Wm Morrison Supermarkets plc [0.98%].

As of 12/31/18, these securities represented the following percentages of the Domini Impact Bond Fund's portfolio: AbbVie [0.14%]; AIA Group Limited [0.23%]; Amazon.com, Inc. [0.36%]; AT&T Inc. [0.33%]; AXA S.A [0.33%]; Biogen Inc. [0.28%]; CarMax Auto Owner Trust [0.54%]; Federal Farm Credit Bank Funding Corporation [2.21%]; FNMA POOL AN1767 (Creekside Townhomes) [0.61%]; FNMA POOL AN2787 (Desert Rose) [0.73%]; FNMA POOL AN5557 (Oakbrook Terrace) [0.96%]; FNMA POOL AN9483 (Chatham West II) [0.54%]; The Home Depot, Inc. [0.35%]; Hudson Yards Development Corporation [0.64%]; Indiana Finance Authority (NeuroDiagnostic Institute and Advanced Treatment Center) [0.15%]; Japan Treasury [2.97%]; Lancaster County PA Hospital Authority (Brethren Village Retirement Community) [0.21%]; Liberty Property Trust [0.10%]; Microsoft Corporation [<0.01%]; New Jersey Economic Development Authority [0.18%); New York State Transportation Development Corporation (LaGuardia Airport) [0.33%]; Pennsylvania Industrial Development Authority [0.33%]; Public Service Company of Colorado (Rush Creek Wind Project) [0.28%]; Regency Centers [0.20%]; San Bernardino County [0.20%]; SBA Tower Trust (SBA Communications) [0.53%]; Self-Help Credit Union [0.17%]; Self-Help Federal Credit Union [0.17%]; State of California [0.50%]; Thermo Fisher Scientific [0.18%]; Verizon Communications Inc. [0.28%].

As of 12/31/18, the following companies were not held by any of the Domini Funds: The Cheesecake Factory, Inc.; Computershare Limited; Daiichi Sankyo Company, Limited; Eisai Co., Ltd.; First Horizon National Corporation; Casino Guichard-Perrachon; ICA Gruppen AB; Kerry Group Plc; Klabin; Loblaw Companies Limited; Marks & Spencer Group plc; Ocado Group plc; Saputo Inc.; Texas Roadhouse; The TJX Companies, Inc.; Washington Federal.

As of 12/31/18, the following companies were not approved for investment and therefore not held by any of the Domini Funds: 1st Source Corporation; AmerisourceBergen Corporation; Anglo American plc; Associated Banc-Corp; Astellas Pharma Inc.; Berkshire Hathaway Inc.; Bloomin' Brands, Inc.; BP plc; Brinker International, Inc.; Citizens Financial Group, Inc.; Community Trust Bancorp, Inc.; Conagra Brands, Inc; Darden Restaurants, Inc.; Dine Brands Global Inc; Denny’s; Domino's Pizza, Inc.; EOG Resources, Inc; Exxon Mobil Corporation; Facebook, Inc.; Federal National Mortgage Association (equity securities); First Commonwealth Financial Corporation; First Financial Bancorp; First Midwest Bancorp, Inc; Flex Ltd.; General Electric Company; Greene King; The Hershey Company; HSBC Holdings plc; J D Wetherspoon plc; J.P. Morgan Chase & Co,; Johnson & Johnson; Marston's; McDonald's; Mitchells & Butlers plc; Moelis & Company; Nestlé S.A.; Papa John’s International; Pinnacle Financial Partners; PT Indofood Sukses Makmur Tb; Restaurant Brands International Inc.; The Restaurant Group plc; Roche Holding AG; Ross Stores, Inc.; Royal Dutch Shell plc; S&T Bancorp, Inc; Signature Bank; Sumitomo Mitsui Financial Group, Inc.; Takeda Pharmaceutical Company Ltd; TCF Financial Corporation; Tesco plc; Teva Pharmaceutical Industries Ltd.; UMB Financial Corporation; The Wendy's Company; Total S.A.; Walmart Inc.; Waste Management, Inc.; Wesfarmers Limited; The Whirlpool Corporation; Whitbread plc; Xcel Energy Inc.; Yum! Brands, Inc.

As of 12/31/18, the following companies were not publicly traded and therefore not held by any of the Domini Funds: Ernst & Young; KPMG; Leber Jeweler Inc.; Purdue Pharma L.P.; Reforestadora de Palmas del Petén S.A; Sonic Corporation; Southern Bancorp. Mitsubishi UFJ Trust and Banking Corporation, Primark, The Wall Street Journal, Woolworths Supermarkets are wholly owned subsidiaries of companies not approved for investment and therefore not held by the Domini Funds.

The composition of each Fund's portfolio is subject to change. The Domini Funds maintain portfolio holdings disclosure policies that govern the timing and circumstances of disclosure to shareholders and third parties regarding the portfolio investments held by the Funds. Visit www.domini.com to view the most current list of the Funds' holdings. Obtain a copy of the Funds' most recent Semi-Annual Report, containing a complete description of the Funds' portfolios, by calling 1-800-762-6814 or at www.domini.com.

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All studies referenced herein were conducted by independent third parties. They have not been independently verified by Domini and are provided for informational purposes only. The inclusion of these studies herein does not constitute financial advice. We do not attest to the methodologies used.

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