

November 17, 2009

The Chinese investment company, AEGON Industrial, recently hosted me in Shanghai and in Beijing as a means of publicizing their AEGON Industrial SRI Fund. The plan was that I would speak first in Shanghai to a group of academics and entrepreneurs, and then in Beijing I would speak with some ministers of departments like finance and securities oversight.

Shanghai reminded me of a science fiction drawing of a spectacular city of the future. There are several hundred buildings built like needles up eighty stories or more. Every one of them is an architectural treasure. Driving along the expressway that runs through the city (but about five stories above ground level) reminded me of driving through the Rocky Mountains. It is almost all constructed in the last fifteen years, a modern marvel.

As a part of the fund's launch, AEGON translated my book *Socially Responsible Investing, Making a Difference and Making Money* into Chinese. It seems to have been quite a faithful translation since the slide AEGON Industrial used in the presentation emphasizes that there are three components to the field: First, you must set social and environmental standards to define your buyable universe. Second, you must engage directly with company management and let them know of new issues of concern. Third, you must find ways to support community development (or some regionally appropriate high-impact investment).

All told, eight different media outlets, two of which were entirely government owned and managed, interviewed me. In Shanghai I learned that the word "entrepreneur" meant people with titles like "CEO – Chinese Railway Company." There were several of these men in attendance and nobody an American would call an entrepreneur. All the entrepreneurs seemed very keen to at least verbally embrace the concept.



It seems the word got out about the importance of corporate responsibility because the next day in Beijing, our plans had changed. I had been informed that in addition to myself, there would be three other speakers; though when I arrived, I was introduced to six -- three new speakers had arrived from various government departments.



In Beijing, the AEGON Industrial SRI Fund portfolio manager spent most of his time discussing the need for a firm like his to have access to management for discussions about responsibility, a topic I thought was pretty daring but which seemed well received by the crowd and by the press. As in Shanghai, autograph seekers and admirers of SRI swarmed me.

The government television apparently reported on the event widely, and I am promised a DVD of the show. The government financial paper, which is read by roughly one million persons daily (in part because the government mandates this) carried the story in two different sections. One was a half page, above the fold, with a large photograph of yours truly at the podium. The second was a full page featuring several of the other speakers and a group shot of us all.

I have no idea what the papers said, but I can report that the AEGON Industrial firm felt that it was very important. They had several copies and, if my translator spoke correctly, the government actually endorsed the SRI fund.

There is another aspect of the trip that was of special interest to me. It was unseasonably cold in Beijing and snowed the day I arrived. The English newspapers carried a story saying that the Weather Modification Bureau had fired 186 silver iodine pellets into the clouds to produce this snow. They had done this in order to cleanse the air in Beijing and to replenish a low water supply.

My first reaction was to wonder why Boston didn't have a Weather Modification Bureau. Weather here is a drag. Back to China where I learned the Beijing government does not allow heating of public areas of buildings until November 15. The hotel staff was dressed in elegant matching overcoats and very cheerful about the cleansing snow. I ate every meal in an overcoat, with a blanket across my knees. My AEGON Industrial portfolio manager friend told me that it would be a particularly good day to climb the Great Wall, very pretty in the snow. (A day later, I learned that in addition to pretty, the Great Wall is a series of icy steps in such weather and after seeing two people fall and slide within the first 100 feet towards the tower, gave up.)

The papers carried a story about China's gift of \$10 billion to nations in need in Africa. Of course, those readers who follow the human rights side of this know that the Chinese have gifted highways to the sources of natural resources built by skilled Chinese laborers. The Chinese gain a long-term contract for the mineral or trees extracted by local laborers; the impact on both the environment and local people is devastating. But the paper spoke with nationalistic pride of the generosity of the Chinese government, so willing to assist those ignored by the rest of the world.

What are the lessons to learn? China is apparently capitalism on steroids. Yet, ironically, pretty much everyone seems very aware of the government's point of view. Three different people told me that the snow was very good for the atmosphere in Beijing. I got the feeling that the interest in responsible investing was a means of getting



companies to pick up the tab for some of the things government wants. But that seems appropriate to me; I want to see companies stop exporting costs to taxpayers while keeping profits to themselves.

One final point of interest to me was the growth of the AEGON Industrial SRI Fund. In under a year, it has raised the equivalent of \$700 million. The manager told me that this wasn't because the public wanted to invest responsibly. It was because the public thought that a fund that called itself 'socially responsible' would treat them honestly.

Sincerely yours,

A handwritten signature in cursive script that reads "Amy Domini".

Amy Domini

P.S. If you would rather receive these letters electronically, we are happy to do so.