

# CAUX ROUND TABLE

## YEAR END REPORT – 2003

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### **Overview**

During the year 2003 the leadership and staff of the Caux Round Table (“CRT”) concentrated on implementation of the vision adopted at the Global Dialogue 2002 held in Queretaro, Mexico.

That vision was to bring a set of business management skills in designing appropriate principles, standards, benchmarks and measurement/assessment techniques to bear on global capitalism. The CRT *Principles for Business* of 1994 were made more relevant for use by companies and corporations by further development of a self-assessment and implementation process. The newly proposed CRT Principles for Government were attached to the 12 core best practice standards for national management of financial, fiscal and monetary institutions promoted by eStandards Forum on its website.

### **Leadership**

Tunku Abdul Aziz of Malaysia and Roderick M. Hills of Washington DC have joined the CRT’s World Advisory Council.

George J. Vojta served his first year as Chair of the CRT.

Mr. Hiroshi Okuda, Chairman of Toyota and of the Keidanren, agreed to serve as supreme advisor to CRT-Japan.

### **CRT-Japan**

Leaders and staff of CRT-Japan, assisted by very engaged volunteers, translated the CRT’s self-assessment and improvement process into Japanese as a framework for Japanese companies to implement standards of corporate social responsibility. Hiroshi Ishida coordinated this effort for the CRT. A press conference was held on November 19<sup>th</sup> to announce the availability of this new management process in Japan. NEC decided to apply the executive version of this process in an assessment of its operations. Several other companies have approached the staff of CRT-Japan to explore the use of the CRT process in review of their strategic considerations as responsible companies.

CRT-Japan entered into an agreement with the Japan Management Association to support its new program for the training and orientation of global-minded managers for Japanese companies.

### **CRT-Europe**

CRT Director for Europe, Maarten de Pous, organized a very successful Global Dialogue, which was held in July at Mountain House in Caux-sur-Montreux, Switzerland. The highpoint of the dialogue was a remarkable presentation of convergent views on fundamental values regarding responsible business endeavors from Christian, Islamic and Jewish theological perspectives. The dialogue also importantly raised the impact of future demographics – declining and aging populations in today’s wealthy nations – on present concerns for successful economic development of emerging market nations.

A second CRT-Europe initiative was the drafting in The Netherlands of proposed principles of accountability for NGO’s. These proposed Principles were presented to the International Chamber of Commerce in Paris in December. Herman Wijffels of the CRT’s World Advisory Council argues that the globalized society into which humanity is moving rests on three legs – business to create wealth, government to administer justice, and NGO’s to advance thought and set standards for both business and government. The CRT now proposes similar and inter-related principles of responsibility and ethics for all three of these vital sectors.

The CRT engaged in an affiliation with BESO in London, the organization of senior executive volunteers from the United Kingdom concerned for the growth of business enterprise in developing nations. The CRT also deepened its working relationships with Business in the Community and the International Business Leadership Forum, both headquartered in London.

### **CRT-Global**

The CRT-global website ([www.cauxroundtable.org](http://www.cauxroundtable.org)) was dramatically revised and improved by Ron Lattin and Lorri Kopischke with advice and assistance from Tony Mommsen.

The book *Moral Capitalism* by CRT Global Executive Director Stephen B. Young was published by Berrett-Koehler in December 2003.

A list of suggested readings to elucidate more fully the implications of, and to deepen understanding of, the CRT *Principles for Business* was compiled and placed on the CRT website.

The Oversight Committee for the Caux Round Table *Principles for Business*, chaired by Charito Kruvant and supported by T. Dean Maines in Minnesota, reviewed a number of codes of conduct and ethics for business, posting code summaries on the CRT website. This is part of an ongoing evaluation of the *Principles for Business*, examining the *Principles’* approach to human rights in light of emerging developments and concerns.

A beta test of the *Self-Assessment and Improvement Process* (SAIP) was completed by American Refining Company with assistance from T. Dean Maines of the CRT staff. Maines also assisted the working group of CRT-Japan preparing the SAIP for use in Japan and began consultations for a beta test of the process in Germany. Other critical events during the year include: the development and testing of an abbreviated version of the SAIP, the *Executive Survey*; an expansion of activities intended to raise awareness of the tool (e.g., conference presentations, publications); and new outreach efforts to potential marketing partners.

The first country action team was organized in Mexico with leadership from Ron Baukol, CRT Senior Fellow, and from Gustavo de la Torre, CRT Fellow in Mexico. The Ministries of Funcion Publica, Hacienda (Treasury), and Economia joined the effort to make more publicly known Mexico's actions to improve the level of its implementation of the 12 core best practice standards. The Ministries were provided access to the eStandards Forum website.

The pilot country action team in Mexico was the first step in execution of the working partnership between the CRT and eStandards Forum agreed to in 2002. That partnership was entered into in order to better implement the vision of improving outcomes of globalization and reducing global poverty put forth by former CRT Chair Winston R. Wallin at the September 2001 CRT Global Dialogue held in London.

CRT interest in starting a second pilot project in Sri Lanka under the leadership of Lord Brennan, and in conjunction with the UN's Global Compact, was held in abeyance pending more progress in the peace negotiations between the Tamil resistance movement and the government of Sri Lanka.

Estandards Forum convened a working group including participants from Moody's, Standard&Poors, Fitch, McKinsey and several large investment funds to consider application of the eStandards country rankings by the financial community in investment decision-making. Consideration was initiated regarding the relevance of eStandards country rankings to a possible fund investing in emerging markets.

A pilot program was launched in Minnesota to enhance the teaching of ethics in public schools with leadership and support from Chambers of Commerce and Rotary Clubs.

The framework for business ethics provided by the CRT *Principles for Business* was incorporated into proposed requirements for the teaching of ethics and corporate social responsibility in all schools and programs accredited by the AACSB, the Association to Advance Collegiate Schools of Business.

CRT participant Raymond Baker organized the second conference on "dirty" money with co-sponsorship from The Brookings Institution and the Center for International Policy. The conference was held at The Brookings Institution in Washington DC.

Work was commenced by CRT participant David Bergerson, former General Counsel of Honeywell, on the legal issues involved in encouraging corporations to adopt high

standards of conduct for themselves. The CRT is concerned that corporations are reluctant to set high standards for themselves in the midst of a no-holds-barred, kill-or-be-killed, American litigation culture that seeks out shortfalls in business conduct for suit and the imposition of punitive damages.