

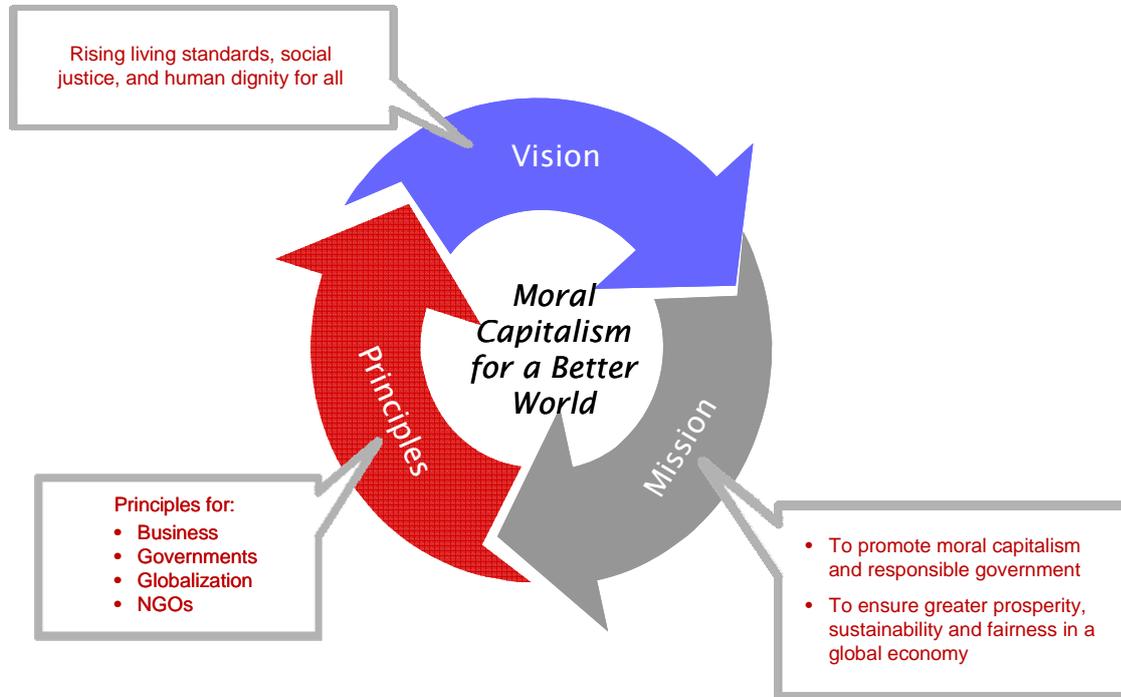
YEAR IN REVIEW 2009

With respect to matters of concern to the Caux Round Table, world attention during 2009 was directed to recovery from the October 2008 collapse of credit markets and reforms which would prevent repeated such dysfunctions in financial markets. In both areas the wisdom of the Caux Round Table Principles for Business was evident, bringing to our work new appreciation and respect.

The vision and mission of the Caux Round Table was widely affirmed. Skepticism and cynicism about corporate responsibility evaporated while many were left unsure of exactly how to improve the functioning of private markets for goods and services, including markets for financial intermediation. Caux Round Table initiatives, therefore, found new support.

Caux Round Table initiatives in 2009 were designed to promote its vision. The approved statement of the CRT's vision and mission is as follows:

Vision, Mission, Principles and Purpose



The CRT vision, mission, principles and purpose captures the exceptional and extraordinary possibilities that the Caux Round Table seeks to influence every single day.

Our aim, through our vision, mission and principles, is to inspire people inside and outside Caux to pursue *Moral Capitalism for a Better World*.

We want people to talk about our purpose constantly, to share our vision, and to live by our principles. We want to stimulate dialogue, passionate debate and ultimately exciting initiatives in line with our mission.

Vision: *Our VISION is for a world with - Rising Living Standards, Social Justice and Human Dignity for All*

Our vision is all about being obsessed with better possibilities for all. This vision is not small; to facilitate change for the better in humanity's ability to raise living standards, provide for social justice and realize the fullness of individual human dignity in all our days is a challenge of massive proportions, but it is a challenge we readily accept. To achieve it, we will have to inspire and lead with inspiration and courage.

Mission:

- *To promote moral capitalism and responsible government.*
- *To ensure greater prosperity, sustainability and fairness in a global economy.*

These are our overarching goals and priorities. They translate our vision into a concrete view of our direction and purpose. We believe *Moral Capitalism* is the only system with the potential to reduce global poverty and tyranny and address the needs and aspirations of individuals, societies and nations.

Purpose

Therefore, our unifying PURPOSE is - Moral Capitalism for a Better World.

The Caux Round Table seeks to improve the outcomes of the market economy and globalization in the world through enhancing the impact of ethical conduct and social responsibility in companies.

We believe that *Moral Capitalism* is the only economic system that can deliver *Rising Living Standards, Social Justice and Human Dignity for All*.

All other economic systems, including modern 'brute capitalism,' which has elevated narrow self-interest and personal advantage to the status of core values, are doomed to fail through the lack of any moral quality.

The mission of the Caux Round Table is then to be carried out through the advocacy of certain ethical principles:

- ***Principles for Business***
- ***Principles for Governments***
- ***Principles for NGOs***
- ***Principles for Ownership of Wealth***

We advocate implementation of the CRT Principles as the path through which moral capitalism can flourish and through which sustainable and socially responsible prosperity can become the foundation for a fair, free and transparent global society.

RESPONDING TO THE FINANCIAL CRISIS OF 2008

The principal CRT response to the financial crisis of 2008 was a set of recommendations adopted by its Global Governing Board in October 2008 as the crisis was unfolding. The thrust of CRT recommendations was to provide mechanisms for better risk management and better governance. Subsequently, all the reform proposals put forth by key governments in the United Kingdom, France and the United States, and recommendations supported by the G8 and G20 meetings of national leaders, adopted similar approaches to creating new rules for global financial intermediation. CRT Principles were thus validated by the actions of world leaders.

In addition, the CRT provided commentaries on the causes of the crisis and proposed considerations for preventing future crises which were sent regularly to some 3,000 opinion-leaders around the world. These commentaries are archived on our website: www.cauxroundtable.org.

Third, CRT Chair Lord Dan Brennan proposed a Responsible Company act whereby companies that achieved high standards of governance could register and be recognized for their leadership.

INTELLECTUAL INITIATIVES

As an advocacy organization seeking to have its ideals and principles implemented around the world, the Caux Round Table seeks to provide intellectual leadership on key points of action.

Responding to the Financial Crisis

The CRT initiated an effort to coordinate collaboration among some 14 U.S.-based NGOs concerned for business ethics and corporate social responsibility. Unfortunately, the desired synergies did not emerge for a robust program of joint advocacy.

Revision of Arcturus

The proprietary CRT risk assessment metric for companies, Arcturus, was substantially revised and improved so that it now offers the global business community a cutting edge process for implementation of corporate responsibility within a management context of sustainable profitability. Increasingly, the CRT has evidence that wealth enhancement of private enterprise depends on proper management of stakeholder relationships, which are intangible assets as firms drive their capital valuation.

CSR and Theravada Buddhism

The Arcturus questionnaire was customized to reflect the approach to corporate responsibility developed in Thailand within a cultural context of Theravada Buddhism. This unique approach to responsible capitalism developed in Thailand as a response to the advice and insights of His Majesty King Bhumibol about standards of responsibility and moderation. This set of Theravada standards has been called the “Sufficiency Economy.” These standards can be applied globally and the CRT has acted to bring them to the attention of the wider community committed to the promotion of CSR. Accordingly, CRT Thailand, in cooperation with our key participants in Singapore and Malaysia, organized a regional dialogue in Bangkok, with sponsorship from the Thai Foreign Ministry, to present Sufficiency Economy principles as a universal approach to CSR challenges.

Recovery of Stolen Assets

The Steering Committee formed to implement the conclusions of the CRT conference on recovery of stolen assets accomplished its task with the development of a business plan for the formation of a new NGO that would seek out, recover and repatriate funds stolen from poor and developing countries and invested in wealthy jurisdictions. This effort is unique and pioneers the use of civil litigation to supplement government-to-government actions under the United Nations Convention Against Corruption, which is designed to reduce corruption by frustrating the enjoyment of illegal gains on the part of corrupt parties. The CRT participated in the Doha conference on implementation of the UN Convention Against Corruption and supported a hearing on the topic before the U.S. House of Representative’s Committee on Financial Services.

Islam and Principles of Good Governance

Two seminars were held, one in the House of Lords in London for leaders of Muslim communities in the United Kingdom and the other in Thailand where there is a significant Muslim community in the south, to present the conclusions of the CRT to scholars at the

International Islamic University Malaysia (IIUM) on Qur'anic guidance for good governance. Participants were most excited to learn of this approach to receiving Qur'anic guidance.

Based on the scholarship of this joint effort between the CRT and IIUM, an essay was drafted and revised on the parallels between Qur'anic guidance and the constitutional recommendations of John Locke. The essay will be published by the International Institute of Advanced Islamic Studies in Malaysia. It is a breakthrough in uniting the jurisprudence of Islam and Anglo-American concepts of constitutional democracy entirely in line with the CRT Principles for Government. This essay was also presented at a seminar held at the CATO Institute in Washington, DC.

Ethics, Food and Well-being

In October, the CRT organized a seminar to explore the overlapping concerns of ethical decision-making, the food industry and health and well-being of consumers. A set of important topics for further consideration surfaced. The CRT drafted a statement of purpose to bring this field to higher priority within the CSR movement and organized a steering committee to plan a more substantial conference on these topics for 2010. The committee will also consider study papers on certain important issues linking food choices to obesity in developed countries.

Ethical Leadership Training for Africa

The CRT developed, in consultation with KCA University in Kenya and other experts, a curriculum for ethical leadership training in the African context. Planning and holding the training session is a high priority project for 2010.

Financial Standards Funds

The team assembled by Dr. Roger Conant and Steve Young – acting in their individual capacities – formed an asset management company to accept investment accounts and invest them in country index funds in line with the CRT Principles for Government. Dr. Conant has constructed a way of allocating proforma investment dollars among countries according to their ranking for transparency and accountability. His approach has consistently out performed the Morgan Stanley Country Index Funds.

Character Development in Education

In Minnesota, the CRT facilitated a workshop for teachers and school administrators to discuss the need for better and more thorough character education in Minnesota schools. The CRT also proposed legislation for teacher training in how to teach character and ethics for good citizenship in business and public service.

Ethical Leadership Profile

With the need to spend more time on fundraising and with a smaller staff, insufficient time was available to promote the Ethical Leadership Profile.

OUTREACH EFFORTS

Global Dialogue

The annual CRT Global Dialogue was held in July at Mountain House in Caux, Switzerland, with participants coming from all continents except for Africa and Antarctica. Lord Robert Skidelsky of the United Kingdom presented keynote remarks on the emerging necessity to ground economics in liberal arts studies and to understand that free markets evolve in a moral and social context as well as respond to efficiency considerations of price and risk.

Website

The CRT website was visited by some 37,000 guests during the year. Mr. K. L. Lam of Cornerstone Ltd. in Malaysia provided the highest quality administrative support for the site.

Scholars Retreat

In July, the CRT held its second retreat for scholars in the field of business ethics and corporate social responsibility at Mountain House in Caux. Attending scholars responding to the financial crisis drafted a statement calling for more explicit learning from history, the liberal arts and wisdom traditions in all programs of professional education.

Islam and Catholic Social Teachings

CRT Global Executive Director Steve Young was invited to attend **The Common Word** convocation at Georgetown University in Washington, DC to further expand the statement of common principles between Christianity and Islam known as The Common Word.

A proposal was made to Cardinal Jean-Louis Tauran, head of the Pontifical Council for Inter-religious Dialogue for the Vatican, for use of CRT principles in providing Catholic, Muslim and other clerics greater facility in presenting their ethical concerns in a business framework.

Citizenship Recognition Award

In June, the CRT global office in Minnesota recognized William George, former CEO and Chairman of Medtronic, for his leadership as a business executive in meeting citizenship responsibilities.

Publication of Moral Capitalism in Romanian

The Post Privatization Fund in Romania sponsored a Romanian translation of *Moral Capitalism*. Steve Young was invited to participate in the official book launch in Bucharest in early December, speaking at a conference on business ethics and giving several press interviews which further raised awareness of CRT efforts in the country.

Confederation of Independent Financial Advisors

The CRT made a presentation at the annual meeting in Paris of the Confederation of Independent Financial Advisors, a network of national groups representing some 300,000 independent financial advisors operating primarily in the European Union and Canada.

Talk on Capitol Hill

Steve Young spoke on Capitol Hill about how John Maynard Keynes's Chapter 12 can save us from chapter 11. His talk encompassed the ethical and policy dimensions of the economic recession, including Keynes's prediction of the crisis in chapter 12 of his 1936 masterpiece, *The General Theory of Employment, Interest and Money*.

Social Media

The CRT launched pages on Facebook, Twitter, LinkedIn and YouTube. The Facebook and Twitter pages are updated several times a day, and are gaining new fans/followers every week.

In the Press

The CRT was featured in the Minneapolis Star Tribune and Minnesota Business.

COUNTRY TEAMS

Financial constraints caused by the global credit crisis and the ensuing recession were keenly felt by CRT country efforts. As a result, activities were curtailed. Yet, ironically, the perceived intellectual value of the CRT approach to business was everywhere enhanced and the mission of the CRT is increasingly accepted as a necessary part of global business thinking.

Australia

Noel Purcell undertook a major revision of the Arcturus Questionnaire.

Canada

Prof. Wayne Lewchuk of McMaster University attended the Global Dialogue.

Croatia

A second conference of managers' associations from the states of the former Yugoslavia was held in Belgrade. Steve Young presented CRT analysis of the financial crisis at a seminar in Zagreb with Esad Colakovic of the Croatian Managers' Association.

Germany

CRT Germany consolidated its membership to secure sufficient financial support to conduct key initiatives. A German version of Arcturus CSR risk assessment questionnaire was completed at a cost of E 9,000 in cooperation with a student organization at German business schools. In 2010, this new version of Arcturus will be used in pilot tests with BLANCO and two other companies which are members of CRT Germany. Upon completion of the pilot assessments, Arcturus will be brought to the German market.

Japan

During 2009, CRT Japan placed increasing emphasis on realizing Moral Capitalism as an organizational goal. Domestically and internationally, they carried out a wide range of activities and projects to achieve these goals.

Their main activity included providing training and support for business. Providing corporate trainings are useful in developing awareness for implementing and promoting CSR activities. CRT Japan's corporate training ranged from sessions on CSR, workshops on materiality and training programs on liberal arts for potential business leaders. There is increasing recognition of the need for business ethics. There is also an increasing demand for thinking about 'Personal Social Responsibility.'

CRT Japan gave twelve external lectures throughout the year. The lecture contents ranged from the meaning and value of CSR, specific case studies and the role business can play in addressing issues of poverty and development. In order to inspire and work with a new generation of students in Japan, they supported the activities of the International Students Conference and the Association Internationale des Etudiants en Sciences Economiques et Commerciales at Waseda University.

Kenya

A chapter of the CRT was organized in Nairobi through the leadership of KCA University.

Malaysia

Tunku Abdul Aziz, CRT Coordinator for Southeast Asia, led the first CRT regional dialogue in Southeast Asia, in Bangkok.

Mexico

CRT Mexico was invited to revise the annual award process for recognizing corporate excellence in CSR.

Poland

CRT Polska reorganized its board and made plans for educational outreach in 2010.

Romania

Initial steps were taken towards the end of the year to organize a Romanian chapter of the CRT.

Singapore

Banyan Tree Resorts completed a preliminary Arcturus survey of the company. Meetings were held with President S. R. Nathan and leading business executives.

Thailand

CRT Thailand supported the organization of the Southeast Asia regional dialogue and the development of Arcturus customized for Theravada Buddhist Principles.

USA

In Washington, DC, Dr. Lester Myers made many contributions to the cause of the Caux Round Table through his participation in meetings at Georgetown University Law Center, a conference on anti-corruption, the task force on financial integrity and economic development and participation in the anti-corruption task force supporting the U.S. House of Representative's Committee on Financial Services. The University of Illinois – Chicago business school adopted the CRT's corporate director certificate training program for delivery in Chicago.

ORGANIZATION

Global Governing Board

Upon the completion of his term as Chair, Lord Dan Brennan from the United Kingdom was asked to assume the position of Chair Emeritus. Noel Purcell of Australia was selected as the incoming Chair of the Global Governing Board. In addition, Crocker Snow of the United States and Raul Martinez of Mexico completed their terms as board members.

CAUX ROUND TABLE LEADERSHIP

Global Governing Board

The Lord Dan Brennan QC – United Kingdom
Claire Chiang – Singapore
Toru Hashimoto – Japan
Doug Hepper – United States
F. Raúl Martínez – Mexico
Karel J. Noordzy – The Netherlands
Noel Purcell – Australia
Crocker Snow, Jr. – United States
Frank Straub – Germany
Ruth Stricker Dayton – United States
Tony Valeri – Canada

World Advisory Council

J. Brian Atwood – United States
Tunku Abdul Aziz – Malaysia
Theodore Cardinal McCarrick – United States
Hon. Anand Panyarachun – Thailand
Heribert Schmitz – Germany
Prof. Ronald Thiemann, Harvard Divinity School – United States
John C. Whitehead – United States
Dr. Herman H.F. Wijffels – The Netherlands

Caux Round Table Fellows

Senior Fellows: Ronald O. Baukol – United States
 Brother Louis DeTomasio – United States
 Kevin Cashman – United States
 Morihisa Kaneko – Japan
 Steve Lydenberg – United States
 Fred Senn – United States

Fellows: Dr. Thomas A. Bausch – United States
 Lord Michael Bates – United Kingdom
 Yury E. Blagov – Russia
 Prof. Dr. Harry Hummels – The Netherlands
 Dr. N. Doran Hunter – United States
 Stephen Jordan – United States
 Michael Labrosse – United States
 Liu Baocheng - China
 Bernard Margueritte – Poland
 Dr. Lester A. Myers – United States
 Chris Pierce – United Kingdom
 Gustavo de la Torre – Mexico