



YEAR IN REVIEW 2005

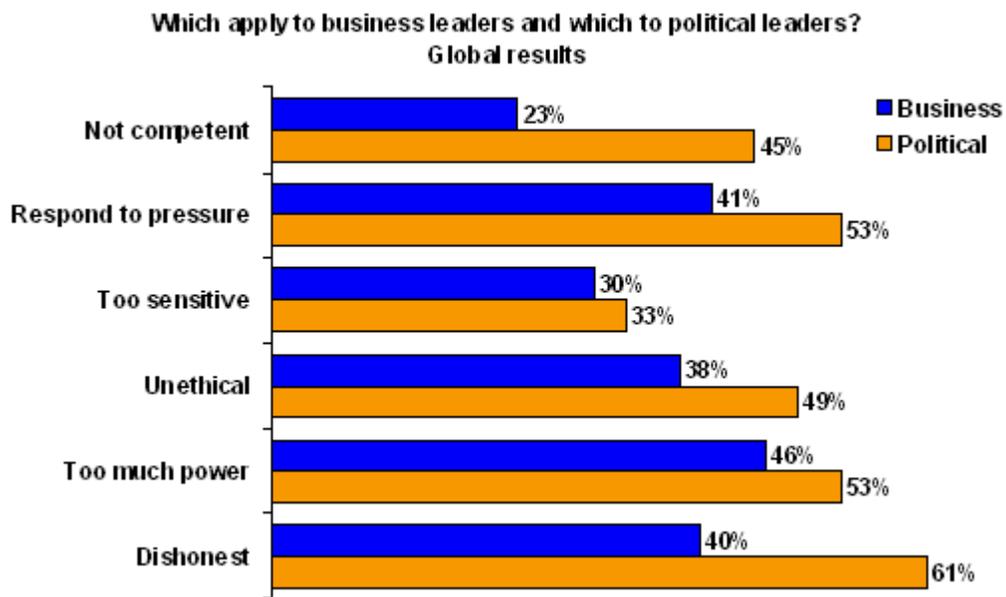
MISSION STATEMENT

The Caux Round Table is an international network of principled business leaders working to promote a moral capitalism. The CRT advocates implementation of the CRT Principles for Business through which principled capitalism can flourish and sustainable and socially responsible prosperity can become the foundation for a fair, free and transparent global society. With respect to public governance, the CRT further advocates implementation of the CRT Principles for Government so that appropriate social capital can be accumulated throughout the world in a just and responsible manner.

The Caux Round Table continued to move from aspiration to action in 2005, making this year one of significant progress. Achievements such as practical implementation of the CRT Principles for Business by means of our management tool Arcturus (known in Japan as CSR Innovation System), undertaking a new program for corporate directors training and holding a successful Global Dialogue in Warsaw, Poland, are just a few of the highlights reviewed in the following paragraphs.

Recently the World Economic Forum (Davos) released the results of a survey of 50,000 people in over 60 countries taken by Gallup International that not surprisingly confirms the importance of the work undertaken by the Caux Round Table in 2005.

First, the survey revealed that a majority of people believe their political leaders are unethical; that they respond just to pressures, have too much power and are dishonest. The survey results are as follows:

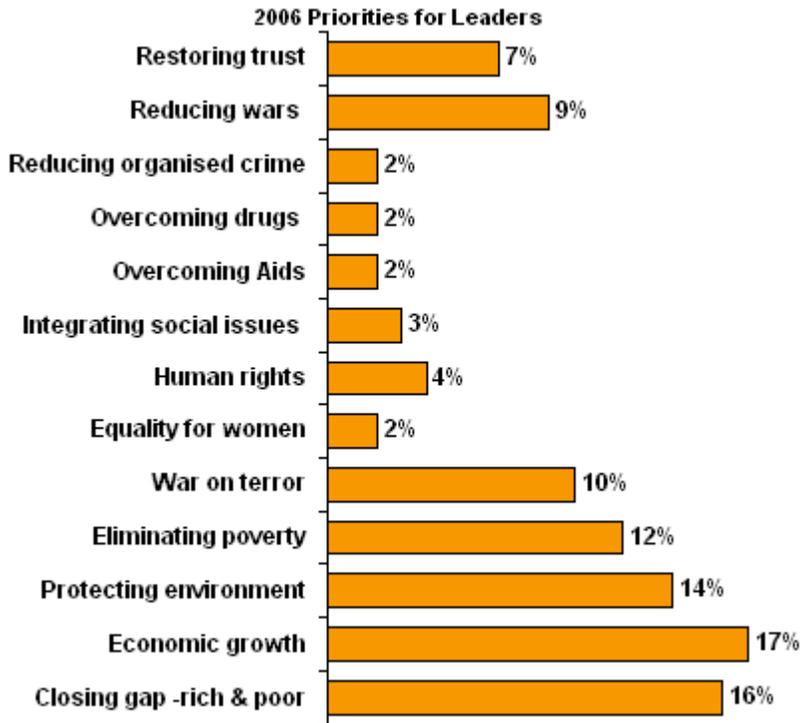


The Caux Round Table’s Principles for Government and our handbook seeking implementation of those principles, *Moral Government*, are uniquely positioned to respond to this high level of dissatisfaction with politicians and public officials. This is a unique approach to raising the standards of public performance around the world.

The survey also affirmed the wide acceptance of the Caux Round Table’s action priorities. Of those polled, 59% want, as a matter of top priority, their leaders to achieve for them higher standards of living under conditions of sustainable social justice. Such goals can be advanced through implementation of the Caux Round Table Principles for Business and Principles for Government. If results are obtained consistent with these principles, conditions will emerge that of themselves will redress other priority demands of people around the world. Trust will be at higher levels (desired by 7%); pressure for wars and use of terror will decline (desired by 19%). Equality for women (desired by 2%), overcoming AIDS (desired by 2%), integrating social issues (desired by 3%) and achieving human rights (desired by 4%) will all become easier for societies to achieve. With progress made on reducing the flow of “dirty”

money into tax havens around the world, organized crime and drug trafficking will be under sustained attack as well as desired by 4% of those polled.

More results of the survey are as follows:



Thus, as we begin our work for 2006 we can conclude that the goals of the Caux Round Table are of relevance to the aspirations of the global community.

2005 - HIGHLIGHTS

Promotion of the Caux Round Table Principles for Business

Arcturus – CSR Innovation System, the Caux Round Table’s management system for implementation of the Principles for Business, was adopted by a large global manufacturer headquartered in Japan. This has given us a conviction that our work product has value in the world of business decision-making

Our pilot training program for corporate directors, undertaken with Saint Mary’s University of Minnesota, was very successfully received. The program fully integrated into one coherent professional vision of the duties of corporate directors concepts and principles of corporate governance, stewardship, ethical leadership, social responsibility, commitment to stakeholders, and the proper use of power and was designed to serve the needs of both sitting and aspiring directors of for-profit organizations. This is something new and important to the field of corporate governance providing a vision of stewardship that can be taught within the framework of corporate law to those who must strategically lead corporations.

Promoting Greater Use of Private Capital in Developing Countries

The Caux Round Table launched an effective way to work with governments in improving their level of performance. We developed a training manual for the implementation of the Principles for Government. This manual was received with great interest in Japan, Poland, Mexico and Malaysia. Along with the manual we developed self-assessment forms as well to give politicians and civil servants a personal way to embrace in their own conduct higher standards of ethical performance leading to more transparency and accountability. This handbook and self-assessment instruments are unique CRT contributions to better outcomes in poor and developing nations. Countries that were introduced to the handbook include:

- Japan – Handbook *Moral Government* presented to the Ozaki Yuko Foundation.
- Malaysia – Handbook *Moral Government* presented to the Integrity Institute.
- Mexico – CRT Fellow Doran Hunter presented the Principles for Government and handbook *Moral Government*.
- Poland – Handbook *Moral Government* presented to newly elected President of Poland Lech Kaczynski.

Caux Round Table Events

The Caux Round Table held a very successful Global Dialogue in Warsaw, Poland in October. The focus of the Global Dialogue was on the ways and means to enhance economic growth responsibly and sustainably in the transition economies of Central Europe and Russia. Issues of corporate governance, transparency and the wider responsibilities of business were featured in our discussions. Participants from Poland were excited to have this opportunity to share their experiences with participants from around the world. The City of Warsaw and several Warsaw companies sponsored the Global Dialogue and we were very grateful to Warsaw Mayor Lech Kaczynski (who was elected President of Poland during our visit) and his staff for their leadership and hard work in making our Global Dialogue a success.

In November the Caux Round Table hosted an evening honoring the former President of Poland Lech Walesa. President Walesa was awarded the Caux Round Table Award for Principled Leadership because of his efforts to lead the free non-communist trade union Solidarity against the government which ultimately led to the creation of a non-communist government. 2005 was the 25th anniversary of the Solidarity movement.

The Caux Round Table also participated in a number of important presentations including:

- World Ethics Forum in Kuala Lumpur.
- World Islamic Economic Forum in Kuala Lumpur.
- Events for KPMG and Australian Catholic University in Sydney and Melbourne.
- Keynote address at European Business Ethics Network annual conference in Bonn.
- Ethics conferences in The Netherlands with Nyenrode University, Milan and Mexico.
- Universities and community groups in Seattle, San Francisco, Boston, Chicago, Milwaukee and Saint Paul.

Outreach Efforts

New commitments from Westpac Bank in Sydney, Australia, 3M Company, and new individual donors in Minnesota enabled the Caux Round Table to engage a new part-time staff member in 2005. This extra effort helped the organization reach new levels of engagement around the world.

The Caux Round Table was more successful in 2005 in getting out our message on corporate governance issues and global development. The CRT was highlighted in a number of publications during the year including:

- Dan Brennan and Steve Young wrote chapters for book on Corporate Social Responsibility and corporate governance published by Springer for the International Bar Association.
- Frank Straub (member of the CRT Global Governing Board) contributed an article on the results of using the Arcturus – CSR Innovation System in his company BLANCO to a book to be published by ICCA, Institute for Corporate Cultural Affairs in Frankfurt.
- Steve Young contributed a chapter to the book Responsible Leadership, published by Routledge and another chapter to the book Development Models published by Palgrave.
- Ron Lattin prepared an index on social capital rankings for countries.
- CRT Fellow Doran Hunter presented a paper on the Principles for Government.
- CRT supporters David Bergerson and Ambassador Parker Borg made presentations in Italy and Mexico.

Organizational Governance

During the CRT Global Dialogue in October, Lord Dan Brennan from the United Kingdom was elected chairman for a two-year term. The CRT also appointed two new members for our Global Government Board:

- Steve Lydenberg, Chief Investment Officer of the Domini Fund, and a founder of KLD investment analysts in the United States.
- Noel Purcell, the senior officer responsible for community social responsibility reporting and engagement for Westpac Bank in Sydney, Australia.

Also, Professors Doran Hunter of the University of Minnesota, Mankato and Thomas Bausch of Marquette University were asked to serve as Caux Round Table Fellows where they will work with the CRT to promote its vision of responsible leadership in both public governance and private enterprise.

CAUX ROUND TABLE LEADERSHIP

Global Governing Board

The Lord Dan Brennan QC – United Kingdom
Harry R. Halloran, Jr. – United States
Toru Hashimoto – Japan
Dr. Hisashi Kaneko – Japan
Steve Lydenberg – United States
Karel J. Noordzy – The Netherlands
Noel Purcell – Australia
Frank Straub – Germany
George J. Vojta – United States

World Advisory Council

J. Brian Atwood – United States
Tunku Abdul Aziz – Malaysia
Sir Anthony Cleaver – United Kingdom
Toru Hashimoto – Japan
Dr.-Ing E.h. Eberhard v. Kuenheim – Germany
Joseph J. Melone – United States
Hon. Anand Panyarachun – Thailand
James J. Schiro – United States
Lodewijk C. van Wachem – The Netherlands
John C. Whitehead – United States
Dr. Herman H.F. Wijffels – The Netherlands

Caux Round Table Fellows

Senior Fellows: Ronald O. Baukol – United States
Morihiisa Kaneko – Japan
Fellows: Thomas Bausch – United States
Kevin Cashman – United States
Harry Hummels – The Netherlands
Doran Hunter – United States
Gustavo de la Torre – Mexico

Academic Advisory Council

Samuel P. Huntington – United States
David S. Landes – United States
G. Edward Schuh – United States

Senior Staff

Stephen B. Young, Global Executive Director, United States
Maarten de Pous, Executive Director - Europe, The Netherlands
Hiroshi Ishida, Executive Director - Japan, Japan