



2017 Year in Review

Reflections From A Successful Year



2017 Year in Review

The year 2017 was a busy and fruitful year for the Caux Round Table for Moral Capitalism (CRT). What follows is a brief reflection on the year's largest initiatives and successes.



Name and Logo

Early in 2017, the CRT underwent a re-branding of sorts when we chose to change our name from the 'Caux Round Table' to the 'Caux Round Table for Moral Capitalism.' Along with the name change, we designed a new logo. The changes better reflect the scope of work the CRT pursues and more easily relates our mission to our global audience.

Corporate Stewardship Compass

It is a truism that “what gets measured gets managed.” And close study of business and finance shows that proposition to be true. Market dynamics, just like bureaucracies, move forward, step by step, not in great leaps forward. Risk aversion is one explanation – low hanging fruit is more attractive for most people to take than that which is higher on the tree. Analysis of data reduces uncertainty. The certainty of numbers seems more reassuring to the human mind than ideas and visions of what might be.

Most of the inner structure of decision-making in capitalism – business, commerce and finance – turns on numbers, hard data points, which can be quantified, added, subtracted, averaged and given over to algorithms for existential assurance and personal absolution if all goes wrong. The metrics can always be blamed.

In the CSR movement, most metrics have looked at outcomes in a traditional fashion. The Global Reporting Initiative (GRI) devised templates for reporting on non-financial measures. Then, a separate set of analysis is needed to determine which outcomes are “material” for some set of values. The Sustainable Development Goals (SDGs) of the United Nations similarly are framed so that outcomes can be measured. Why a company should adopt any one or more of these goals as material to its business model is only argued for with appeals to conscience and good global citizenship.

In responsible investing, the mantra of environment, society and governance (ESG) is invoked as standards by which investors should esteem companies and so invest in them. ESG variables largely track the approach of the GRI and the SDGs in looking to measure companies by outcomes.

This is looking at company decision-making from the wrong end of the telescope. The right end puts the eye in a position of seeing a vision of something distant. The telescope itself is more like the management and implementation process which comes between the decision-maker and the realities to be brought into being through action.

As the saying goes, “If you don’t care where you are going, any road will get you there.” Proper use of a telescope makes a difference in seeing things only up close or far away. Proper use of a telescope reveals dangers, as well as situational advantages.

Quite true is the fact that most successful companies, the ones with the highest net present valuations, have a values core which drives a vision and a mission which only afterwards gets converted into Key Performance Indicators and management results.

The alignment of values, vision and mission with the values and interests of customers, employees, equity investors, creditors, communities and government regulators enhances company profits. This reality is what the CRT highlights as Kyosei – symbiosis of living forces for more sustainable outcomes.



The Corporate Stewardship Compass

Guiding values for sustainable development



Project Report for
The Caux Round Table for Moral Capitalism
September 2017



The necessity for increasing the odds of success in capitalism is to measure values, vision and mission. Only then will the most important success factors in capitalism succumb to “management.”

In 2017, the CRT retained the Oxford Analytica Foundation to devise a method for “measuring” the values of a company. Catherine Young and Isabella Bunn have to our delight designed the Corporate Stewardship Compass.

Oxford Analytica (OA) worked to combine themes of responsible business and sustainable development to create the Corporate Stewardship Compass as a means for companies to measure their progress and to point a direction towards long-term results. The compass achieves this goal by utilizing an innovative questionnaire and matrix derived from the values and practices of some of the world’s most sustainable companies.

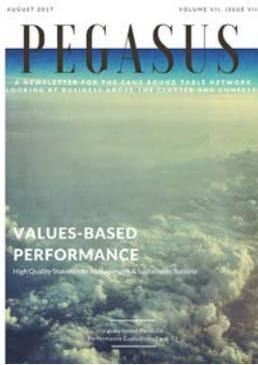
Through the various sections of the compass, OA covers the policy background of the SDGs, outlines 10 ethical trends that are re-shaping the field of corporate responsibility, considers the importance of stewardship and the multiple ways it reinforces values within a company and then continues on to explain the methodology and research behind the compass and how to apply it.

The Corporate Stewardship Compass underscores the significance of corporate responsibility in a moral marketplace. The OA, using salient research building off of the legacy of past CRT work, has built a truly actionable tool merging values and practices for sustainable success.

The CRT is grateful to the Thailand Sustainable Development Foundation and our Thai affiliate, CRE-ATE, so ably directed by Nick Pisalyaput, for their support of this project.



CRT-Designed Funds Outperform the S&P 500



In 2017, the CRT licensed intellectual property to Magni Asset Management, LLC for use in the creation of portfolios of companies ranked according to the quality of their value alignment with ethical standards. Three sets of ethical criteria were created by the CRT: one secular based on the CRT's Principles for Responsible Business; a second based on Catholic Social Teachings; and a third based on Qur'anic guidance. When matched against the 10-year results of the S&P 500 index, each of the three CRT designed portfolios outperformed.

[Read the article here.](#)

These pro forma results of hypothetical funds are the strongest evidence I have yet seen that success in capitalism does result from application of higher standards of responsibility. The link between values and results most likely is better risk management. Taking care reduces risk and lower risk attracts investment which raises the valuation of the company.

Valuation initiative

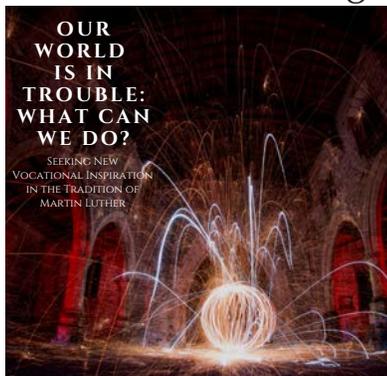
During 2017, the CRT proposed to thoughtful business leaders an initiative to create a critical mass of owners, executives, investors, consultants and gatekeepers, academics and advocates who have a clear and present conviction of how to achieve sustainability through the wise use of private property and free market capitalism.

The proposal calls for a process which will draw on the reputations and contributions of all stakeholders in the sustainability agenda from NGOs to companies and consultants, academics and individual advocates, public agencies and private owners. The process would fold practical experience, ideas and existing initiatives into a common framework for understanding what constitutes desirable economic value in the new era of sustainable development for all nations.

[The proposal can be found online here.](#)

2017 Global Dialogue

The 2017 CRT Global Dialogue was held in Wittenberg, Germany on the 500th anniversary of Martin Luther's almost accidental commencement of the Protestant Reformation.



Over the course of 4 days in early November, the CRT and Wittenberg Center for Global Ethics came together, with special sponsorship provided by Unilever, to host the Dialogue. The event was entitled, "Our World is in Trouble. What Can We Do? Seeking New Vocational Inspiration in the Tradition of Martin Luther."

We were honored to be hosted in the city of Wittenberg on the occasion of the 500th anniversary of Martin Luther posting his 95 Theses - in essence, marking the start of the Reformation. It is in this spirit that along with our proceedings, the CRT will be incorporating attendee inputs into a new document calling for a reformation of capitalism.

The discussion over the course of the four days was lively and offered many insights on a variety of topics. As the title of the event might indicate, there was much concern for the state of our world. These concerns covered a variety of areas ranging from corporate malfeasance, individual ethical behavior, corruption of governance systems and the sustainability of our global environment.

The Wittenberg Statement

CALLING FOR A REFORMATION OF CAPITALISM

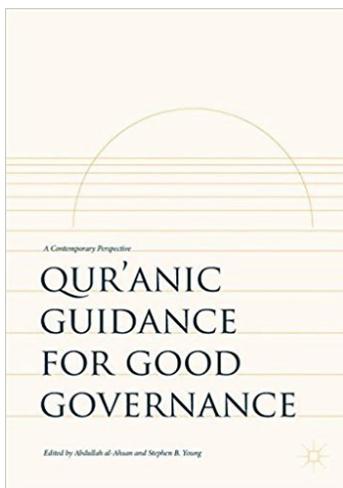


Some of the key presenters were Jeff Sachs, Director of the Earth Institute at Columbia University; Klaus Leisinger, Founder and President of the Global Values Alliance and former Chairman of the Board of the Novartis Foundation; Andreas Suchanek of the Wittenberg Center for Global Ethics; and Catherine Young of OA.

Our call for a reformation of capitalism culminated in the Wittenberg Statement. The Statement incorporated insights from Global Dialogue participants and can be found [online here](#) and in [PDF form here](#).

Protestant Social Teachings

In conjunction with our Global Dialogue, with its emphasis on the Protestant Reformation and the role of the individual in society, Steve Young, Global Executive Director of the CRT, presented his recently developed Protestant Social Teachings. The four principles of Protestant Social Teachings identified by Steve are: common grace, justified personhood, the moral sense and vocation. The Teachings have been well-received by our global audience and [can be found here](#).



Qur'anic Guidance for Good Governance

Palgrave Macmillan published Qur'anic Guidance for Good Governance, edited by Abdullah al-Ahsan and Steve Young. CRT board member Doran Hunter provided a chapter on science, the Qur'an and the moral community. Steve wrote a chapter on Qur'anic guidance and American financial enterprise and Prof. al-Ahsan wrote a lead chapter on guidance for good governance and civilizational transformation. [You may order the book here](#).

CRT Book Series

CRT Director of Communications, Erik Sande, prepared 3 manuscripts for publication as collections of commentaries and articles from past issues of *Pegasus*.

Speeches and Presentations

CRT Global Executive Director Steve Young spoke at the annual conference of the Convention of Independent Financial Advisers in Monaco and attended the annual meeting of the Vatican of the Fondazione Centesimus Annus Pro Pontifice, the lay foundation established by Pope John Paul II to promote Catholic Social Teachings for the economy and finance. Steve and other participants were received by Pope Francis. Steve presented George Cardinal Pell with the results of a back test of a hypothetical investment fund of companies ranked in order of alignment with Catholic Social Teachings.

In addition, Steve participated in U.N. Economic and Social Council forums on the Sustainable Development Goals. Steve spoke in Rotterdam to the ERGO retreat on the convergence of wisdom traditions around constructive core values to be used in business and finance.

Monthly Newsletter *Pegasus*

In 2017, we continued the CRT's long tradition of thought leadership by publishing original, timely and interesting content in our monthly publication, *Pegasus*. Each issue focuses on one of the many topics that the CRT works on. These issues this year included: valuation, a recap of our Global Dialogue (including the Wittenberg Statement); a reflection on Martin Luther's lasting influence on our global community; a deep-dive on trust in our society; and an overview of free trade and moral capitalism, to name but a few.

Business and Public Policy Round Table Events

Here in Minnesota, where the CRT is headquartered, we held several round table events throughout the year on a variety of topics, including:

- "100th Anniversary of Russian Revolution"
- "500th Anniversary of Martin Luther and Protestant Reformation"
- "150th Anniversary of Karl Marx's *Das Kapital*"
- "Do We Need a New Set of Ethical Principles for Journalism?"
- "How to Move Forward? A Post-Election Discussion, 2.0"

We also facilitated a series on the CRT Principles for Government:

- "Must Truth be a Casualty of Politics? Lies, Misrepresentations, Omissions and Illusions" (*CRT Principle for Government #1*)
- "Are There Any Citizens Left? Inclusion, Diversity and Inequity in the Entitlement State" (*CRT Principle for Government #2*)
- "Power Corrupts and Absolute Power Corrupts Absolutely - Doesn't It?" (*CRT Principle for Government #3*)
- "Protectionism - Making America First or Last?" (*CRT Principle for Government #8*)

Website and Social Media

2017 saw the CRT continue with its video series on YouTube with a current total of 52 videos covering a wide range of topics. We have continued to expand our presence on Twitter, Facebook, and Medium as well. Additionally, the CRT took a new step forward in interactive presentations with the Wittenberg Statement ([Wittenberg Statement](#)).

Mr. K.L. Lam and Chan Corner of Cornerstone Ltd. in Malaysia provided the highest quality administrative and technical support for our website – which saw 17,300 visits in 2017 – throughout the year.

Leadership and Organization

Board of Directors:

Tunku Abdul Aziz, Co-Chairman – Malaysia
Brad Anderson, Co-Chairman – United States
Prof. Doran Hunter – United States
Hon. Paul Magnuson – United States
Steve Young – United States

Supervisory Council:

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Theodore Edgar Cardinal McCarrick – United States
Karel Noordzy – The Netherlands
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Kevin Cashman – United States
Brother Louis DeTomasio – United States
Morihisa Kaneko – Japan
Bob MacGregor – United States
Fred Senn – United States

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Lord Michael Bates – United Kingdom
Yury E. Blagov – Russia
Bogdan Diaconu – Romania
Jose Luis Fernandez Fernandez – Spain
Prof. Robert Fleming – Singapore
Prof. David Grayson – United Kingdom
Michael Harris – United States
Prof. Harry Hummels – The Netherlands
Prof. Doran Hunter – United States
Stephen Jordan – United States
John C. Knapp, Ph.D. – United States
Michael Labrosse – United States
Alexandra Lajoux – United States
Jeanette Leehr – United States
Baocheng Liu – China
Bernard Margueritte – Poland
Dr. Lester A. Myers – United States
Chris Pierce – United Kingdom
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Robert Scarlett – United States
Prof. Recep Senturk – Turkey
Prof. Kazuhiko Togo – Japan
Se Young Yang – South Korea
Prof. Ibrahim Mohamed Zain – Malaysia

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