

Minutes
WRI Board of Directors Meeting
September 19, 2006
Washington, DC

Attendees: Jim Harmon–Chair, Tish Emerson–Vice Chair, Hattie Babbitt, Gay Barclay, Fernando Henrique Cardoso, Jessica Catto, Leslie Dach, José Maria Figueres, Al Gore, Denis Hayes, Aditi Kapoor, Jonathan Lash, Gretchen Long, Jeff Miller, Jim Owens, Michael Polsky, C.K. Prahalad, Qian Yi, Alison Sander, José Sarukhan, Scott Spangler, Ralph Taylor, Lee Thomas, Diana Wall, Wren Wirth

Staff: Phil Angell, Andrew Aulisi, Steve Barker, Liz Cook, Paul Faeth, Vivian Fong, Al Hammond, Meg Hopkins, David Jhirad, Nancy Kete, Bill LaRocque, Jen Layke, Jonathan Pershing, Janet Ranganathan, Luiz Ros, Allison Sobel, Peter Veit (Staff present for Millennium Ecosystem Assessment Report: Karen Bennett, Jenny Guiling, Craig Hanson, Florence Lansberg, Daniel Praeger. Staff present for Development Report: Patti Adams, Beth Bahs-Ahearn, Tara Holms, Josh Neckes, Rina Rodriguez, Choto Siame, Lillian Torres, Elsie Velez-Whited)

Guests: Kalee Kreider, Al Gore’s office

The meeting was called to order at 8:30 a.m. by the Chair, on Tuesday September 19, 2006.

Chairman’s Overview

Jim Harmon welcomed members of the Board and guests. Mr. Harmon reviewed the agenda and Board meeting schedule. (Note: The March 14, 2006 Board meeting minutes were approved by email on October 23, 2006.)

Mr. Harmon remarked that he is working to engage all the board members at meetings, but also in between meetings. Jim discussed major priorities for the board including the upcoming 25h Anniversary Dinner, scheduled for February 13, 2007, and rebuilding WRI’s unrestricted capital for communications and development.

Managing Director’s Report – 2006 Outcomes

Paul Faeth reported on WRI’s top ten outcomes for FY06. WRI’s mission is to move human society to live in ways to protect the earth for future generations. An outcome is something that one of our partners does based on our work—the way we determine if we’ve moved anybody, which we started tracking five years ago. We track these outcomes in three Tiers: A Tier One is a major outcome from a major actor. Tier Three is minor actor and minor outcome, while Tier Two is either combination. In 2002 we counted seven Tier One outcomes and we had thirty-three in 2006.

In order to achieve more Tier One outcomes, we've been scaling up our efforts on fewer projects. We could use more help from the board so that staff could focus more on achieving outcomes and less on raising money. Our annual Program Book lists the top ten outcomes, determined by a select group of staff. Everyone on a team who contributed to one of these outcomes is rewarded.

Top Ten Outcomes

- WRI Concept Underpins Billion Dollar IDB Initiative
- Access Point: Indonesia– A Partnership for Progress and Protection.
- WRI Maps Prompt Boreal Forests Protection
- The Remedy of Review: Analysis of Electricity governance Halts Energy Authority Privatization in Thailand
- Transforming International Aid
- WRI Standard for Greenhouse Gas Emissions Adopted Worldwide
- WRI + Whole Foods Engineer Largest Green Power Purchase in U.S. History
- Citigroup + WRI: Getting Green from Going Green
- WRI Landmark Study Helps Brazil Protect the Amazon
- WRI + Time, Inc.: Greening the Supply Chain

The board discussed methods to build on these successes to provide the foundation for future outcomes, including communications strategies to influence various governments, civil society organizations, and business. Michael Polsky recommended keeping an eye on future business trends.

Millennium Ecosystem Assessment Follow-up

Janet Ranganathan reported on WRI's Millennium Ecosystem Assessment (MA) follow-up work, a work-in-progress objective that she is heading. Ms. Ranganathan presented an overview of the MA findings and mentioned that four board members were part of the MA effort, José Sarukhan, Diana Wall, Antony Burgmans, and Jonathan Lash. The MA is a comprehensive audit of all ecosystems, but doesn't make recommendations; it is policy relevant, not policy prescriptive. This new objective hopes to create an Action Agenda for response to the findings of the MA for business, civil society, and government.

Ms. Ranganathan said that more work is needed on governance worldwide. Incentives need to be aligned to encourage increased stewardship and to strengthen rights of local populations. This objective will work to develop a corporate ecosystems service audit tool and help business to find competitive opportunities.

The board discussed various opportunities for the new objective. Alison Sander suggested that food companies are concerned about ecosystem degradation. C.K. Prahalad said that presenting business opportunities attracts more attention than pointing out problems. Gretchen Long noted that more steps need to be taken to inform the broader public of the MA findings.

Mr. Lash wondered how to bring the issues raised by the MA to macro-economic level. How can we get local people to account for externalities? Denis Hayes suggested that shrimp farms should be treated like strip mining. The farmers should have to restore the shrimp farm to mangroves, when the farm system is degraded.

President's Report – Communications for Results

Jonathan Lash reported on WRI's on-going efforts to scale-up communications, following on the lessons that came out of the charette held last Spring. WRI used to be purely analytical, limiting our influence to publications. Now we are reinventing ourselves to manage for results and influence others to create outcomes. In order to catalyze more change in the world, WRI is working to improve communications with better tools and increased engagement. WRI is working to scale up four areas: 1) leadership, 2) capacity, 3) relationships, and 4) technology/tools. Mr. Lash asked for help from the board to enhance these efforts.

Aditi Kapoor reported that Oxfam used a four-pronged strategy: policy-level research, corridor lobbying, media advocacy, and working with media partners for public mobilization. Several board members suggested tapping younger staff for internet campaign work. Leslie Dach suggested that communications be integrated with every aspect of work at WRI. He also noted the need for resources to support these efforts. Wren Wirth suggested departing from tradition by presenting information in new formats and new mediums.

Development Report

Elizabeth Cook introduced her team and reported on the first meeting of the Board Development Committee held the previous day. Jim Harmon is the interim chair of the Committee.

Ms. Cook noted that Development has met the budget expectation of \$25 million in FY06, a 35% increase from year before. Her team raised over \$10 million from the corporate sector, including major grants from Caterpillar and Citigroup. Coleman Fung, who we met at Jeff Miller's party in Boston last February, granted WRI the largest individual gift not from a board member. She noted the continual need to raise more unrestricted funds. Ms. Cook reported that WRI has met its Campaign goal.

Ms. Cook reported that the Finance Committee is working with her team to determine the return on investment from each sector of Development. They learned that the team is doing well with governments and corporate fundraising, but that there is room for improvement with foundations and individuals. The major goals moving forward are identifying large sources of fundraising and planning and executing the 25th Anniversary Dinner.

In conjunction with WRI's 25th Anniversary, we are submitting a proposal to The MacArthur Foundation (to match their original founding gift to WRI) to fund for

communications for the next 25 years. WRI has also created a special category of investors at \$100,000 or above for a one time special capacity investment opportunity, to put towards communications efforts. These efforts are in conjunction with the 25th Anniversary Dinner fundraising. The board discussed ways to involve more board members with planning and executing the dinner. Jonathan Lash said that he is determined to make the dinner about a message in order to make it a fun and interesting experience for the attendees. He added that the best sales force for WRI were our Board of Directors—the people who know WRI best. The board discussed possible Master of Ceremonies for the event.

Ms. Cook reported on several other Development plans including that Michael Polsky has graciously offered to host a fundraising event in Chicago. Development is creating a map of the Top Ten Outcomes to send out with the Annual Appeal, which will be sent out before Thanksgiving. Tish Emerson suggested that the Appeal be sent in early November and that if we keep doing fundraising events like the ones WRI has held in Chicago, NY, and Boston it would be useful to have a Major Gifts staff person to manage them.

Program Committee Report

José Sarukhan summarized the two hour Program Committee Workshop from the day before. The meeting initially focused on WRI's capital markets work. WRI provided technical analysis to a recent Citigroup report which looked at companies that will benefit in a climate constrained world. Many of Citigroup's high net-worth clients are investing in technologies to lower GHG emissions. The board members at the workshop discussed ways that this kind of work could be expanded.

Mr. Sarukhan reported that the second half of the Program Workshop looked at WRI's tomorrow's markets work to eradicate poverty with increased access to goods and services, closely linked to C.K. Prahalad's BOP work. WRI hopes to use a recent joint publication with the IFC to catalyze expanded private sector involvement. The goal is to engage the BOP to be producers of market-based commodities, not just consumers. The board members at the workshop discussed ways to involve the private sector and governments with this objective.

Finance Committee Report

Tish Emerson reported that WRI's finances were in good shape and that the full Financial Report and Budget for FY07 were distributed in the Board Book. The Board approved the FY07 Budget.

Audit Committee Report

Scott Spangler reported on the Intermediate Sanctions review that was recently completed. Intermediate Sanctions compliance was addressed as part of the 2005 audit review. The Audit Committee authorized Grant Thornton to complete the review, with

the assistance of WRI staff, to protect WRI from detrimental IRS actions. The Board Book contains a three page executive summary that was extracted from the full 50 page report.

Mr. Spangler explained that the IRS created this new section of the code to address self-dealing within the non-profit sector. Previous to Intermediate Sanctions the IRS had three choices:

- 1) Revoke the organizations non-profit status, thereby effectively shutting them down and actually penalizing the donors that helped to build the organization rather than punishing the bad actor(s) within the organization.
- 2) Criminally prosecute the bad actors, which was too time consuming and expensive.
- 3) Do nothing.

Now this new law provides the IRS with intermediate sanctions, allowing them to levy taxes and penalties on employees (those that are considered influential insiders or Disqualified Persons), directors, or their family members. Mr. Spangler noted that this was the most important change in non-profit law in last 30 years. He asked Steve Barker to review the specific recommendations and how they relate to the two board resolutions. Mr. Barker explained the steps that need to be taken to create a “Safe Harbor” for WRI and that the main area of focus for the IRS was executive compensation. The steps include:

- Identifying all Disqualified Persons
- Educating all Disqualified Persons, including the Board via this meeting
- Updating the conflict of interest form and routing that to all Disqualified Persons for signature
- Approval and adherence to the two board resolutions that relate to the compensation approval process for the CEO and for all other Disqualified Persons

The Board approved both resolutions relating to Intermediate Sanctions.

Investment Committee Report

Jeff Miller reported that WRI’s investments earned 12.12% for the 12 months ended June 30, 2006. In a month the committee will convene to review WRI’s investment allocation strategy to make sure we are not taking unnecessary risks.

Nominating Committee Report

Wren With presented the Nominating Committee Report since Ted Roosevelt, IV, the committee chair, was in Singapore. Ms. Wirth noted that there were currently thirty-four board members, with four retiring in March. Of the thirty remaining board members there were eleven women and seven international members. Along with increasing Board diversity, the Committee was focusing on adding members to help fundraising

capacity, in particular from the West Coast and Asia. She asked that Board members pass on names to the committee for consideration.

The board went into closed executive session at about 2:30 p.m.

Steve Barker
Chief Financial Officer and Vice President of Administration