



WORLD
RESOURCES
INSTITUTE

MINUTES

MINUTES OF BOARD OF DIRECTORS MEETING

OCTOBER 6, 2015 | WASHINGTON, D.C.

Attendees: James Harmon – Chair, Harriet Babbitt – Vice Chair, Afsaneh Beschloss, Felipe Calderón, Robin Chase, Tiffany Clay, Daniel Cruise, Dino Patti Djalal, Jamshyd Godrej, Pamela Flaherty, Renée Jones-Bos (partial, by phone), Jeff Miller, Michael Polsky, Bill Richardson, Alison Sander, Andrew Steer, Clint Vince, Daniel Weiss

Staff: Manish Bapna, Steve Barker, Rachel Biderman, Elizabeth Cook, Ani Dasgupta, Arthur Droe, Lailai Li, Craig Hanson, Lindsay Kubaryk, Helen Mountford, Lawrence MacDonald, Molly McGregor, Jennifer Morgan, Kevin Moss, Nitin Pandit, Alex Perera, A. Neil Prakash, Janet Ranganathan, Mark Robinson, Rina Rodriguez, Athena Ronquillo-Ballesteros, Kitty van der Heijden, Nirarta Samadhi, Nigel Sizer, Yasmine Williams

Guest: Tim Lindsey, Charlotte Matthews

The Chairman of the Board of Directors called the meeting to order at 8:30 a.m.

CHAIRMAN'S WELCOME AND OVERVIEW

The Chairman of the Board of Directors welcomed the Board to the meeting. He highlighted the past day and morning's meetings and events. The Chairman commented on the importance of this time for WRI. He observed that it is a critical window of opportunity for WRI to engage more significantly with the private sector. The Chairman also observed that this focus is an opportunity for WRI to recruit new Board members and donors, and encouraged the Nominating and Development Committees to capitalize on the opportunity. The Chairman then turned the floor over to the President and CEO of WRI.

The President thanked the Chairman for his remarks and commented on what an exceptional few days it has been. He outlined the content of the meeting, including sessions on the engaging the private sector, scaling up impact in Africa, committee reports, and sessions on the state of the world and state of the Institute.

STATE OF THE WORLD

The President and CEO began the State of the World session by inviting Board members to share their observations on the state of current global affairs. Board members expressed apprehension over instability in the world, encouragement from the moral imperative on climate change expressed by Pope Francis, and an overall sense that while the world is in a state of turmoil, the discourse in the global environmental debate is generally headed in the right direction.

The Executive Vice President and Managing Director of WRI agreed that at a time of increasing instability, climate and the environment is actually something that is bringing people together in new ways. He continued the presentation with an overview of the UN Sustainable Development Summit in New York, held September 25 to 27, where the 17 Sustainable Development Goals (SDGs) were formally adopted. The Managing Director shared that leading up to these goals WRI has been extremely busy doing high-quality analysis, convening meetings of the negotiators, and informing the targets associated with the SDGs. He concluded that these goals are a big deal, and we need to leverage the political focus to scale our initiatives.

The President welcomed the Global Director of WRI's Climate program, to report on the Road to Paris and the climate agreement. She highlighted the recent US-China Agreement, finance as a key focus leading up to Paris, the significance of the Intended Nationally Determined Contributions (INDCs), and where the submitted INDCs leave us in relation to set targets. She added that for WRI, working on the INDCs has been an Institution-wide effort, which has taught them a lot about how to work together and the impact of that collaboration. The Global Director of the Climate program encouraged any Board member who is interested in engaging on this to reach out to her for talking points catered to their specific audiences.

The President echoed this call to action, and opened the floor for Board members to discuss the build up to COP 21.

International Board members shared their perspectives on the position of their countries leading up to the Paris talks. Board members suggested that WRI can play a large role in developing a roadmap for countries to deliver on INDC commitments and SDGs. Board members also highlighted the refugee crisis in Europe as something that will have an impact on European official development assistance (ODA).

The Chairman thanked the Board members for their insights, and invited the Director of WRI Europe and Global Director of Governance to present on scaling up impact in Africa.

SCALING UP IN AFRICA

To begin the discussion of scaling up in Africa, the Director of WRI Europe reviewed the current footprint of WRI's engagement in Africa, why there is great opportunity for WRI to do more, and what a WRI scoping team heard on their recent trip to various African countries. The Director of WRI Europe presented how Africa brings great opportunities brilliantly disguised as unsolvable problems. By 2050, the population will double to over two billion people who will all need jobs and a dignified livelihood, energy infrastructure needs to be built, and urbanization is happening rapidly. She added that WRI's biggest donors and partners are focused on Africa. The Director of WRI Europe highlighted that there is an overwhelming demand for WRI's tools and analysis.

The Global Director of Governance at WRI overviewed the institutional options outlined in the Board Book paper. He concluded with the team's recommendation of a combination of the first and second options: Three to five country offices covered by programmatic budgets, with a light-touch regional office. The Global Director of Governance highlighted the benefits of the regional office and assured the Board that WRI recognizes a need to be cautious, and country programs have to be based on full cost recovery. The Global Director of Governance shared the three programmatic areas that kept coming through in meetings on the scoping mission: Cities, forests and restoration, and water. He added that our ability to provide trusted data was also something that resounded

with those we met, along with three cross-cutting areas of WRI's work: Governance, business, and economics.

The Board discussed the options for scaling up impact. Board members highlighted the enormous opportunity, adding that now is the time for WRI to engage as there is not just a need, but a demand for WRI's distinct offering. All agreed that it is very important to make a good decision on where WRI should go, what WRI should do, and how WRI should do it. Many endorsed the model recommended by the scoping team of a few countries with a regional coordinating office. The Board emphasized a need to involve Africans, and encouraged WRI to focus on recruiting an African Board member and senior leadership for the WRI staff. Some members of the Board suggested that WRI focus on platforms and major tools, which are applicable to every single country, and encouraged WRI to think of themselves as creators and purveyors of those tools and find local NGO partners on-the-ground and train them in using those tools. The Board emphasized that no one country is anything like the other. Board members agreed that coordination and a distinct offer is key, and that there are many needs, especially around resource management. Board members suggested that renewable energy and water offered interesting opportunities, on top of the forests and cities work suggested by the scoping team's mission. The Board also emphasized that scaling up in Africa offers a great opportunity to work more closely with the private sector, which has huge interest in the continent.

Overall, the Board endorsed WRI's plan for a measured and deliberate approach to scaling up presence in Africa. The Board agreed that WRI should build a record and reputation around a few distinct offerings and scale from there.

The Chairman agreed that WRI needs to pick and choose what it does carefully, and it will take time, but he is optimistic about this effort. He commented that there is funding available, even funders that you would not expect or that are doing it quietly.

The President thanked everyone for their helpful comments. He emphasized that this is an important decision and WRI will come back to the Board on this. He highlighted that WRI will not open an

office in Africa without it being funded fully by one program, as with WRI Indonesia. He also emphasized the need to recruit an African Board member.

The Board took a brief coffee break.

STATE OF THE INSTITUTE

The President turned to the Managing Director for the State of the Institute report.

The Managing Director briefly reviewed how WRI identifies Top Outcomes annually. For FY15, WRI identified 38 Tier one outcomes in 19 countries (plus the EU) which reflect WRI's major achievements in Cities, Climate, Forests, Governance, and more. International Offices led or substantially contributed to over half of the outcomes. He invited various program directors to present on their outcomes.

The President updated the Board on the state of the strategic plan, two years into its adoption. He highlighted how the actual budgets have outpaced the projected budgets in the strategic plan. He also discussed the institutional health of WRI.

The President overviewed the current management structure of the Global WRI network and proposed changes to the WRI Executive structure. He emphasized that now that WRI is growing rapidly, there is a real need for more deliberate management and focus on global operations. The President presented the proposal to update the CFAO role to Chief Financial and Operations Officer (CFOO), and add two new positions under the CFOO that would support management of this network: A Director of Global Operations to oversee the operations staff throughout the global network, and a Director of Financial Planning and Analysis to help manage the finances of this global network. The Director of Global Operations will lead the Global Operations Team, which will allow WRI to share best practices and address problems more efficiently as a global network. He added that WRI also plans to be deliberate about seeking interlocking board members, so that at least one of the Country Office Board members is represented on the Global Board. He shared that the Executive Committee of the Board also supported creating a task force of the Board,

including the interlocking Board members, to focus on global operations and good governance of the Boards of WRI's global network. The President welcomed comments from the Board.

Board members discussed the complexities, from an organizational, legal, and administrative perspective, of managing the activities of a globally networked organization. Board members emphasized the importance of quickly building and maintaining capacity to manage the financial responsibilities while the CFAO role is transitioned to the CFOO role. Board members added that when the Country Operations Directors are reporting to both the Director of Global Operations and Country Directors, it is important to clearly outline expectations. In addition, with regard to the responsibilities of the Director of Global Operations, it is the responsibility of the organization to build a system where you can put the organization's strategic goals in the Director of Global Operations' work plan, but also align those with the individual country office goals and measure in a meaningful way. Many Board members highlighted the legal separation of the Country Offices, emphasizing the importance of respecting those boundaries.

Overall, the Board endorsed implementing an executive management structure commensurate with WRI's continued global expansion, and agreed that the proposed changes are in alignment with that goal. They emphasized a need to be careful in this time of transition to ensure that business continues to be conducted thoroughly, as well as a need to hire the right person for the role of Director of Financial Planning and Analysis.

The Chairman stated that WRI's growth has been extraordinary, and so has demand for services. He added that the Board has a responsibility to manage this growth. This decision to restructure the CFAO office is incredibly important. He reiterated that the Board and WRI staff need to be careful during this time. In addition, he suggested implementing a Board and Board Chair evaluation process to improve the Board's performance.

The President adjourned the Board for lunch.

Lunch Break

FINANCE AND INVESTMENT COMMITTEE REPORT

The Chief Financial and Administrative Officer provided an overview of WRI's finances and operations for fiscal year 2015 (FY15) and projections for fiscal year 2016 (FY16). Overall, he outlined that program revenue is strong and growing, with revenue prospects meeting budgeted needs. He shared that multi-year support creates a stable bases for growth with manageable funding gaps for a few smaller programs and projects. He continued that for unrestricted support, WRI expects to end FY2015 with a minimal deficit, and added that investments in new fundraising capacity, new gift policies, and a new communications co-funding policy will be implemented in FY16 to address the growing need for unrestricted funding. The CFAO presented the proposed FY16 budget of \$89.7 million, vetted by the Finance and Investment Committee. He sought an endorsement and approval of this budget from the Board.

The Chairman moved the Board to a vote to approve the proposed budget, seconded by Mr. Clint Vince. The motion to approve the budget for FY16 passed with all in favor.

The Chair of the Finance and Investment Committee reviewed WRI's investment performance and the ESG endowment project. On the endowment project, he highlighted the hiring of a Sustainable Investment Project Lead and the development of four criteria for WRI's ESG investment strategy. He outlined that WRI will continue to engage ESG fund managers to strengthen their investment programs and scale the work. He highlighted the event WRI hosted yesterday – the Sustainable Investment Roundtable – as an example of how WRI is building a coalition around this work.

AUDIT COMMITTEE REPORT

The Audit Committee gave a brief report on the activities of the Audit Committee. They confirmed that the committee held a pre-Audit meeting, and that the audit is underway. They also requested that a Board member with a finance background step up to join the Audit Committee, or recruit a new Board member to join this committee.

The Chair of the Finance and Investments Committee observed that his committee has dominated most of the people with a finance background, and while he feels strongly that whoever chairs the Finance and Investment Committee should not be on the Audit Committee, perhaps the Finance and Investment Committee could share some of the expertise of other members with the Audit Committee.

DEVELOPMENT COMMITTEE REPORT

The Chair of the Development Committee began the report by highlighted the fundraising success this year. He also addressed that while dollars raised has grown, the amount of unrestricted dollars has not grown proportionally to that total amount. As a result, WRI has engaged a consulting group to help map out a case for major giving and a roadmap to set up a major giving program for success at WRI. The Chair of the Development Committee thanked the many Board members and WRI staff who have made time to speak with the consulting group on this project and offer their insights. He also highlighted the exceptional work of WRI's development staff. He outlined that in conjunction with the Executive Committee of the Board, the Development Committee and staff have developed a six point plan to substantially increase WRI's unrestricted giving. He shared that the plan leads with Board giving, and as a result a two year Board giving campaign was launched this summer. He commented that 100% of the Board Executive Committee and the WRI Executive Team staff have pledged in this campaign, and seven additional Board members have contributed thus far. The Chair of the Development Committee encouraged Board members to pledge as a part of this campaign. The Chair of the Development Committee turned the report over to the Vice President for Institutional Strategy and Development.

The Vice President for Institutional Strategy and Development thanked the Board for their increased giving and thanked the Chair of the Development Committee for his excellent leadership. She continued to review in more detail the fundraising results from FY15, highlighting the increased flexible institutional funding from bilaterals and foundations, and an overall better balance in the distribution of where the money is coming from. She then introduced two representatives from Orr Associates, Inc.

Orr Associates shared their findings in reviewing WRI's ability to grow unrestricted revenue through individual major gift fundraising. They elaborated that Orr Associates is one month into a three month process of developing this plan with WRI. They highlighted that building a culture of philanthropy (as opposed to project based funding) at WRI is critical to establishing a successful unrestricted major gift program. They reviewed the timeline for their next steps in this project.

The Board expressed support for the work done on the major gifts project thus far, and that it looks forward to the draft case for support that Mr. Lehr and Orr Associates is working on. They specifically expressed interest in how to transfer an interest in WRI's mission into unrestricted funds rather than restricted giving to one program.

OPTIONS TO ADVANCE ENGAGEMENT WITH THE PRIVATE SECTOR

The Global Director of the WRI Business Center reviewed the options for WRI to increase its impact with the private sector. The discussion of the strategy was focused on six elements outlined in the Board book paper: The extent to which WRI focuses on leading edge versus main stream business, evolving the Corporate Consultative Group (CCG), convening alliances for policy change, engaging in the business dilemmas that the companies we work with are facing, engaging in the structural issues, and maximizing potential across global operations.

Board members endorsed a reevaluation of the CCG, suggesting that WRI implements a pyramid structure for membership and define clear benefits of each, streamline the "menu" for the private sector, and focus of creating a dialogue with companies for the best engagement. Some Board members also suggested that there is business opportunities with our platforms and being able to supplement unrestricted funds by offering more access or services based on those offers. The Board encouraged WRI to look at the current private sector relationships and how they got there, and use those relationships to build more impact. Board members

commented that sometimes companies don't know what they want or need, and some are genuinely interested in sustainability, or are interested in it for the sake of their annual reports. They offered that engaging in a dialogue with and having clear offerings with help identify how a relationship can start with a company, and being more proactive in the approach would benefit WRI. The board emphasized that WRI can and should find a way to engage more with the private sector in a way that protects our integrity, independence, and brand.

The President thanked the Board for their insights, and added that will be more conversations with the Board on how WRI will continue with the private sector and in re-imagining the CCG, based on their feedback and continued engagement on this issue. The Global Director of the Business Center echoed the President's thanks, adding that he does not want WRI to lose sight of being an agent for change as we work with businesses, and acknowledged the sensitivity around these issues.

NOMINATING COMMITTEE REPORT

The Chair of the Nominating Committee provided an update on the committee's activities and an open invitation for more potential Board member nominees from the full Board.

The Chair of the Nominating Committee presented the ballot to nominate Mr. David Blood to the Board, with his term beginning in 2016. Mr. Daniel Weiss moved the ballot, with Mr. Clint Vince seconding. The ballot was unanimously approved.

The Chairman moved to approve the minutes of the March 10, 2016 meeting. The minutes were unanimously approved.

At 3:15 pm the Board retreated to an Executive Session.

Steven L. Barker
Secretary and Treasurer
Chief Financial and Administrative Officer