

Minutes
WRI Board of Directors Meeting
March 14, 2006
Washington, DC

Attendees: Jim Harmon–Chair, Julia Marton-Lefèvre–Vice Chair, Gay Barclay, Frances Beinecke, Michael Deland, Tish Emerson, Al Gore, Denis Hayes, Jonathan Lash, Gretchen Long, Jeff Miller, Michael Polsky, C.K. Prahalad, Peter Raven, Ted Roosevelt, José Sarukhan, Ralph Taylor, Lee Thomas, Diana Wall, Wren Wirth

Staff: Steve Barker, Virginia Barreiro, Liz Cook, Paul Faeth, Al Hammond, David Jhirad, Bill LaRocque, Jen Layke, Dani Mesko, Janet Ranganathan, Luiz Ros, Smita Nakhooda, Sarah Paraghamian, Frances Seymour, Jon Sohn, Allison Sobel, Fred Wellington

Visitors: Sarah Coleman, Coleman Fung

The meeting was called to order at 8:50 a.m. by the Chair, on Tuesday March 14, 2006.

Chairman’s Overview

Jim Harmon welcomed members of the Board and guests and introduced two new directors who would be joining the meeting: Gretchen Long and Diana Wall.

Mr. Harmon reviewed the agenda and Board meeting schedule and noted that the Fall retreat was postponed until 2007.

The minutes of the March 14-15, 2005, Annual Meeting of the Corporation, the December 13, 2005, Board of Directors meeting, and the March 14-15, 2005, WRIF Board of Directors meeting were approved.

Mr. Harmon asked members to review, sign, and return the Conflict of Interest disclosure form.

Program presentation: Financial Flows

Jonathan Lash introduced the Financial Flows team who presented an overview of the objective and strategy and asked for feedback from the Board.

Frances Seymour, Director of IGP and the steward of the Financial Flows Objective (FFO), introduced the members of her team, Jon Sohn, Fred Wellington (co-leaders), Sarah Paraghamian, and Smita Nakhooda.

Ms. Seymour reported on the progress of the objective over the last two years and explained the FFO’s work with public and private institutions. FFO works to accomplish

change in two arenas, export credit agencies and multi-lateral development banks. In both arenas, the FFO works to mainstream environmental activities and put safe-guards in place to ensure that the institutions do no harm. One major aspect is to work towards getting climate change recommendations into the agenda of these institutions.

Mr. Sohn reported on the FFO's private sector goals, which includes engaging banks to commit to the new IFC standards and other environmental standards. Mr. Wellington reported on his equity research which tries to transform the way that mainstream Wall Street evaluates a company's environmental performance. Ms. Seymour reported on the FFO's goal to do more work on transparency. She said the team was constrained by resource and capacity and asked the board for advice. 1) What can FFO do in the future and how best can FFO scale up resources to meet opportunities? 2) Given constrained capacity where would you advise to allocate resources?

The board discussed the various opportunities for the Financial Flows Objective. Mr. Harmon talked about the variety of opportunities to engage with the World Bank and Export Credit Agencies and asked the board how individual members could be involved with this process. Jeff Miller asked whether there had been any backlash from other NGO's, by WRI partnering with the Financial Institutions. Mr. Sohn answered that they hadn't seen any backlash so far, partly due to WRI efforts to be transparent. The board discussed possible ways to be more involved with CERES. Vice President Gore and Mr. Harmon discussed the need for better leadership in the US government and the need for the financial community to move forward on sustainability issues in the absence of leadership.

Proposed Energy Accountability Conference

Ms. Seymour reported on the possibility of WRI co-hosting an energy accountability conference proposed for the end of March 2007 in London. The conference would assemble senior-level people who don't normally communicate or focus on these issues. The co-host would be London-based AccountAbility, lead by Simon Zadek who is well known among the corporate social responsibility world.

AccountAbility asked WRI to partner and provide content including analysis on energy governance, indicator methodology, the role of the World Bank, and a look ahead to the next G8 summit. Ms. Seymour noted that there were at least ten projects to showcase from WRI.

Challenges for WRI should we choose to co-host the conference include investment constraints, staff constraints, and we will need significant help from senior management and the board to promote the conference and make connections. The conference would be financed by entrance fees, corporate sponsorship and foundations to fly in developing world people. AccountAbility's last conference broke even.

We need to make a decision in the next month on the AccountAbility conference. Ms. Seymour asked the Board for feedback about the proposed conference. The board

discussed whether London was the right venue given the need for action in the US, whether WRI can pull this off, due to the risk of overreach and underperformance, whether AccountAbility is the right partner, whether WRI has enough background content on Asia and China, and possible strategies for minimizing financial risks.

The Brookings Institution has also asked us to co-host a major conference on energy in Asia, which could be a follow-up to the AccountAbility conference.

(Note: WRI decided not to go ahead with the conference.)

President's Report

Mr. Lash spoke about the *World Resources Report* and *Millennium Ecosystem Assessment* (MA) follow-up work on the connection between poverty and the environment. He reported that national government level debt relief and large scale infrastructure projects do not reach needy, rural populations.

The board discussed the importance of access to alleviate poverty and protect the environment. Frances Beinecke noted that the MA was not yet a part of the international agenda and that very little attention was paid to its findings. The board discussed the ways that the scientific community could change its outreach methods to bring attention to the findings of the MA.

The board went into breakout sessions at 11:45 a.m.

Unrestricted Funding & Endowment Discussion

Mr. Harmon reported that WRI has been drawing on its endowment at a rate of about 7-10 percent for the last ten years. The Finance Committee has decided it is necessary to withdraw only 5 percent per year, a sustainable level. The large draw on the endowment was originally authorized for the Campaign. Mr. Harmon reported that the endowment is about \$40 million, the same as it was ten years ago, whereas if we had withdrawn only 5 percent it would have grown. Bringing the endowment draw down will require an increase of unrestricted fundraising.

Development Report

Elizabeth Cook reported on the upswing of gifts from board members and thanked individual board members for facilitating other large gifts. She noted that the campaign will come to an end at the end of the fiscal year, having reached the goal of \$30 million. One outcome of the campaign is development's strengthened capacity to bring in large gifts.

Ms. Cook reported that there were several opportunities to bring in large gifts including large corporate funding, European donors, the 25th anniversary dinner, and the charette. The 25th Anniversary dinner will honor Jeff Immelt and Elizabeth McCormick,

from the MacArthur Foundation, and posthumously honor Sam Johnson. If the honorees commit WRI should have a successful dinner, with a realistic net of \$500,000.

Mr. Miller reported on the successful fundraising event held at his house in February in Boston. Ms. Cook asked for volunteers to serve on the new Board Development Committee. The board discussed strategy to have a successful dinner.

Web Ecosystem Project

Jose Sarukhan introduced Jeff Herrick who presented their work-in-progress idea to create an online ecosystem database and mapping system. The database would be accessible for everyone and increase the ability of users to apply environmental knowledge to work towards increased sustainability. The end result would be a streamlined database that one could access to locate vast amounts of ecological information in 15 minutes. The site would assist people with interpreting information and host a virtual meeting space. The database will increase the users ability to protect natural capital and should be flexible and adaptable. One key question is how to finance this project. The board discussed the scope and size of the project, what it would take to accomplish, how much financing it would require, and the degree to which WRI should be involved in this project. Vice President Gore suggested partnering with Google Earth on this project.

Nominating Committee Report

Ted Roosevelt thanked Wren Wirth and Jim Harmon for recruiting the two new board members. He reported on the committee's efforts to increase gender, ethnic, and geographic diversity. Mr. Roosevelt wants to focus on finding new members who can help with fundraising efforts.

The Board then moved to approve the resolution electing the Class of 2009 of the Corporation and the WRI Board of Directors.

The Board then moved to approve the resolutions electing the Chair and Vice Chair of the Corporation and WRI Board of Directors, WRIF's Board of Directors and Officers, and the officers of WRI, for 2006.

The Board moved to pass a resolution electing Mr. Owens to the Board.

Finance /Investment/Audit Committee Reports

Mr. Roosevelt reported on the work of the audit committee to give WRI another clean audit for 2005 and on the resolution to confirm Graham Thornton for the next three years.

The Board moved to approve the resolution to confirm Graham Thornton for the next three years.

Mr. Miller gave an update on WRI's investment portfolio, which out-performed our peer organizations, with respect to asset allocations. Ms. Emerson reported on the financial status update as of January 31, 2006. The committee is encouraging WRI staff to spend at the right level and at the right time. The committee is not worried about the low spending rate in the first quarter as it is always lower percentage-wise than in other quarters. The biggest challenge is increasing unrestricted funds.

The board went into closed executive session at about 3:00 p.m.

Steve Barker
Chief Financial Officer and Vice President of Administration