

Minutes
WRI Board of Directors Meeting
September 20, 2011
Washington, D.C.

Attendees: James Harmon—Chair, Harriet Babbitt—Vice Chair, Frances Beinecke, Afsaneh Beschloss, Daniel Cruise, Daniel Doctoroff, Alice Emerson, Jaime Lerner, Preston Miller, Douglas Oberhelman, Michael Polsky, Bill Richardson, Alison Sander, Todd Thomson, Susan Tierney, Clinton Vince, Daniel Weiss

Staff: Manish Bapna, Elizabeth Cook, Holger Dalkmann, Arthur Droe, Vivian Fong, Craig Hanson, Kirsty Jenkinson, Jennifer Morgan, Robin Murphy, Clifford Polycarp, Janet Ranganathan, Allison Sobel, Dan Tunstall, Jacob Werksman, Lauren Withey, Zou Ji

Guests: Charlotte Matthews

The meeting was called to order at 8:30 a.m. ET by the Chair, on Tuesday, March 8, 2011.

Chairman's Overview

Mr. James Harmon welcomed everyone to the meeting, reviewed the agenda, and spoke about the transition and Mr. Manish Bapna's leadership. The minutes from the WRI Board of Directors Meeting on March 8, 2011 were approved as drafted.

Mr. Bapna said that he had incorporated feedback from previous meetings into the planning for this meeting. The Board meeting will focus on developing a strategy for shale gas, cities, and forests, all program work in formative stages. He hoped that presentations would be interactive and stimulate useful discussions.

Mr. Bapna spoke about the most important outcomes from the previous year and the criteria WRI uses to assess the outcomes. He noted that WRI's strategy and value proposition was available for viewing in the Program Book and the Program Book Annex. He also reported on several upcoming WRI events and the work moving forward in India and Brazil.

Introduction of and brief remarks from new Board Members

Mr. Harmon asked the new WRI Directors to say a few words about themselves and why they joined the Board. Governor Jaime Lerner spoke about his experiences as Mayor of Curitiba and Governor of Parana and said that he has worked with cities for more than 40 years and that every city could improve the quality of life for their residents in less than three years. He said that change depends on political will and finding the effective strategy to transform problems.

Governor Lerner also noted that one can often achieve the most change with a limited budget and said three key issues were mobility, sustainability, and coexistence.

Mr. Clint Vince said that his main interests were climate, oceans and cities. He spoke about his work on energy and water systems for cities and said that he would like to get involved with WRI's reefs program. Mr. Vince reported that his law firm has offices all over the world and looks forward to connecting those offices with the work of WRI.

Governor Richardson said that he had been in public service for 30 years and was hoping to take a break, but when he found that his successor in New Mexico was rolling back the state's climate policies and he felt the need to engage with policy organizations on climate change. He noted the high caliber of WRI's Board and staff and said he was pleased to join the organization.

Mr. Daniel Cruise spoke about his professional journey from finance to government and his work with Alcoa. He noted that the work that WRI was doing was a good fit for his work with Alcoa and looked forward to increasing the areas for partnership in the future.

Forests

Mr. Bapna introduced Mr. Nigel Sizer and Mr. Craig Hanson, spoke about the history of WRI's work with forests, and asked for the Board's help to shape the strategy moving forward. Mr. Sizer spoke about his background and then presented the story of a national forest in rural Indonesia and the conflict surrounding local people's rights to the land. He also offered successful examples of sustainable land management and asked the Board for advice on strategy moving forward.

The Board spoke about WRI's strengths and what WRI could bring to the table in terms of addressing deforestation globally. Mr. Todd Thomson suggested focusing on multi-lateral institutions and Ms. Frances Beinecke suggested identifying the opportunities to begin shifting the power and access to information. Mr. Daniel Weiss said that of the four underlying causes of the problems, the one WRI could best address is market failures and suggested partnerships with the investment community to address this issue. Ms. Alison Sander suggested identifying success stories as examples on which to build and suggested engaging with government asset and public pension funds. Mr. Hanson spoke about the capital and investments related to sustainable forests and relayed some of the new technologies that the forests team was deploying.

President's Report & Discussion

Mr. Bapna spoke about some global trends that he believes will impact WRI's work, primarily the U.S. election and the China leadership transition. He gave an update of the

political climate in DC and noted that climate change had fallen from the agenda. In China, he argued, government commitment to energy and climate targets was likely to be maintained during the transition. Ms. Afsaneh Beschloss gave an update on the global financial situation and said it was hard to see anything positive coming over the next few years in this era of unemployment and pension problems. She also spoke about the pension issues in other countries including Japan and Italy and gave a global perspective on the private sector and their investment patterns.

The Board spoke about China's leadership transition, the goals listed in China 12th five-year plan, the political reality in the U.S., and ways to move the climate debate forward. Dr. Lerner noted that job creation was a critical part of the debate. Mr. Daniel Doctoroff said that policy changes should influence how WRI develops strategy and stressed the need to focus on a private sector tipping point where we could have the best impact. Mr. Preston Miller noted that there was currently a full assault on the environment with the right targeting the EPA and thought that WRI should prepare for that. The Board agreed that WRI should focus on providing facts. Dr. Zou spoke about what he is seeing on the ground in China and the best role for WRI.

Shale Gas

Ms. Jennifer Morgan introduced Mr. Kevin Kennedy and Mr. James Bradbury, who were leading WRI's efforts on shale gas. Mr. Kennedy presented the background on shale gas in the U.S. and compared it to other fuels. He spoke about fracking, the various players in this space, and the current policy situation. He offered his thoughts on what WRI brings to the table.

Dr. Susan Tierney said that there was a large gap between industry and the public and thought that gas producers didn't want to talk about the problems. She said the regulation was complex, diverse, and insufficient and spoke about the different players in the debate and their point of view. Dr. Tierney suggested that WRI could help to bridge the gap between industry and the public by providing unbiased information and convening different groups. She thought that there was space for the ecosystems and governance teams to get involved.

Ms. Beinecke shared her impressions on the shale gas situation. She suggested that WRI do a gap analysis to find a niche for the organization and thought that the most important role would be to do a strong study on total GHG emissions from shale gas as there was a huge need for factual information. She urged WRI to address the policy gaps and stressed the need to implement the DOE panel recommendations. She also suggested that WRI identify areas that should be off limits for drilling.

The Board discussed the historical context for shale gas, the clash between the industry and the public, and the strategic areas where WRI could be most effective. The Board urged

WRI to scale up work on this issue and provide the facts and analysis needed from a credible organization. The Board spoke about the merits of convening an industry group to create operational standards and the need for industry and public to begin a discussion.

Finance & Investment Committee Report

Mr. Thomson presented WRI's finances for FY2011, and the proposed FY2012 WRI budget. Despite the continuing tough economic climate, WRI is forecasting 15% growth from FY2011 – from an annual budget of \$40 million to \$46 million.

The resolutions to approve the budget, the endowment funds transfer, and to hire auditors were approved as drafted.

Sustainable Cities

Mr. Bapna introduced WRI's emerging work on cities and spoke about why he thought this work was important particularly for China, India, and Brazil where the climate change battle would be won or lost. Mr. Douglas Oberhelman announced that the Caterpillar Foundation would be funding this work with a \$12.5 million grant.

Dr. Zou Ji said the sustainable cities work would be critical for China and introduced WRI's thinking on the issue. Mr. Holger Dalkmann thanked Mr. Oberhelman for facilitating the grant and spoke about why cities were critical to focus on at this time. He reported on the growth of cities, lessons learned, and the need to avoid mistakes of the past.

Ms. Sander spoke about the mega trends of urbanization and the changes that people are seeing on the ground. She presented consumption and growth trends and said that cities and mayors can have the biggest impact on these trends which is a huge opportunity for WRI.

Mr. Doctoroff presented on PlaNYC and his work in New York's mayor's office to make the city more sustainable in order to improve the quality of life. He relayed the impetus for the plan and spoke about how they built on examples from all over the world. They viewed the city as an ecosystem and identified ways to improve asthma rates, housing, land-use policy, water supply, and many more issues that affect the city as a whole. He noted that when the 127 elements of the plan were implemented, they would have the effect of reducing the city's carbon footprint by 30% in the next 25 years. Mr. Doctoroff also stressed the need to build coalitions to hold future mayors accountable for implementing this plan.

Dr. Lerner spoke about his strategic vision of Curitiba and said that every structure in a city is integrated into the unique design of the city in order to work together. He spoke about the BRT system and other systems that he had helped to implement as mayor to address the main

problems of mobility, sustainability, and coexistence. He spoke about how the changes improved the quality of life for the citizens of the city and the need to implement these sorts of changes everywhere. He also spoke about the role that WRI can play in this area.

Nominating Committee Report

Mr. Weiss reported on the actions of the Nominating Committee since the previous Board meeting, on behalf of Theodore Roosevelt IV who was not present. Mr. Harmon asked the Board to pass on ideas for prospective Board members to the committee.

The resolution extending the terms of Mr. Leslie Dach, Mr. Theodore Roosevelt IV, and Mr. Todd Thomson for an additional year was approved as drafted.

Development Report

Ms. Elizabeth Cook thanked Mr. Oberhelman for facilitating the grant from the Caterpillar Foundation, said she was delighted to work with the Caterpillar Foundation on this grant, and spoke about the cross institute collaboration to develop this work. She reported on the funds raised to date for FY2011, noted the issues related to unrestricted funds, and spoke about the challenges to renew some European bilateral grants moving forward.

Ms. Cook then reported on the New York City fundraising dinner slated for Spring 2012 and thanked Mr. Doctoroff for agreeing to Chair the dinner. She spoke about the efforts to raise funds to honor Mr. Jonathan Lash and thanked the Board for opening doors to various donors.

Executive Session

The meeting went into Executive session at 3:30 p.m.

Elizabeth Cook on behalf of Steve Barker
Secretary, Treasurer and
Chief Financial Officer and Vice President of Administration