

The World Resources Institute is a global environmental think tank that goes beyond research to put ideas into action. We work with governments, companies, and civil society to find solutions to the most urgent environmental challenges. We measure our success by the impact our work is having on protecting the environment and improving people's lives.



On the cover: Pedestrians, motorbikes, cars, taxis and rickshaws vie for space in the crowded streets surrounding Bandra station in Mumbai, India. By 2050, there will be 700 million new residents in Indian cities. Less than 30 percent of large Indian cities currently have well-organized transit systems. Learn how EMBARQ – The WRI Center for Sustainable Transport (pages 12–13), is helping Indian cities plan for the future.

Do Well by Doing Good

Remembering C.K. Prahalad

This past year marked the passing of C.K. Prahalad, a highly original business management consultant and professor at the University of Michigan Ross School of Business. Prahalad envisioned a future where investments in large markets with millions of potential customers would help address poverty and in turn allow growth and promote sustainability. He changed corporate leaders' understanding of business strategy and anti-poverty crusaders' views of markets, and was wonderfully engaged in making the business case for sustainability. For nine years, C.K. brought deep commitment and compelling intelligence to WRI's Board of Directors and to our programs. We miss him greatly.



The Frontier of Sustainability

A Conversation with James Harmon and Jonathan Lash

JL: Jim, you travel throughout the developing world as an investor and advisor. Tell me about some of the dynamic changes you are seeing and why they are important to WRI and its work.

JH: These are the places where the future is being shaped. In the last five to six years, developing country economies have expanded 50 percent in real terms, despite the Great Recession. Growth has been particularly strong in the countries with the largest populations. They are reducing their debt, improving the quality of their leadership, empowering women and investing in education. The trend holds even in many of the poorest countries.

JL: Rapid growth is accompanied by additional pressure on resources, demand for more energy, and increased greenhouse gas emissions. Yet it is striking that some of the countries we would least expect are moving to address sustainability in a serious way. They grasp the threats that climate change poses to their pace of development, and to their people.

JH: Indeed. They see the connection between their resources and their capacity to continue to expand — in ways that just weren't true 20 years ago. They're not willing to repeat mistakes they've seen in prevailing growth models, and they're creating a very changed face of development.

JL: Of course, much of the growth you mention is urban. Take China. In the next two decades its cities are expected to house almost a fifth of the world's population and to account for more than a fifth of the world's total energy demand. The choices China makes in how it builds those cities will profoundly shape everyone's future. China's model is watched and admired in the developing world — another way it will influence the future. You can view this as an enormous threat or as a huge opportunity.

JH: China along with India, Brazil, and dozens of other developing countries are the frontiers of innovation. They're coming up with entirely new pathways to sustainability — in their economies and in how they regard their environmental assets. The pace of change in the world has been dramatic and so important. It is leading to creative solutions to large-scale economic and environmental challenges.



JL: WRI and its many partners in the developing world are helping shape this future. Our work in mobility, forests, climate, and entrepreneurship are contributing to this leading edge of systemic change. The consistent binding theme is a sustainable planet and it's being driven by an intuitive recognition of the value of natural resources.

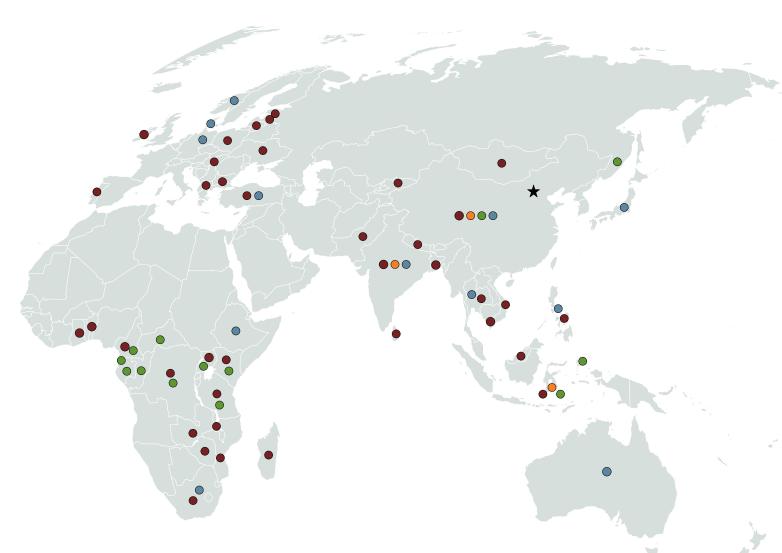
JH: This is the direction in which the late C.K. Prahalad pushed us. A former WRI director, he was quite a bit ahead of everyone in thinking about the importance of developing countries to the future of the planet. His originality and brilliance inspired all of us.

JL: We dedicate this annual report to C.K.'s memory, and I hope readers will get a clear sense of how the world he imagined is taking shape in developing countries, with WRI as a trusted and essential partner.

James A. Harmon
Chairman of the Board

Jonathan Lash
President

Who We Are and Where



Mission

To move human society to live in ways that protect Earth's environment and its capacity to provide for the needs and aspirations of current and future generations.

Goals

Climate, Energy, and Transport: Protect global climate systems from further harm due to emissions of greenhouse gases and help humanity and the natural world adapt to unavoidable climate change.

Governance and Access: Empower people and strengthen institutions to foster environmentally sound and socially equitable decision-making.

Markets and Enterprise: Harness markets and enterprise to expand economic opportunity and protect the environment.

People and Ecosystems: Reverse rapid degradation of ecosystems and assure their capacity to provide humans with needed goods and services.

We Work



practical strategies, tools, and policy proposals for the public and private sectors.

Analytical Excellence

We identify problems, drivers, economic incentives, and consequences to arrive at comprehensive, incentive-based, practical solutions.

Partnerships

We work with scientists, governments, businesses, nongovernmental organizations, and international institutions worldwide to create incentives and pressure for change.

Communication

We foster change by disseminating our ideas and solutions to targeted audiences.

Managing for Results

WRI's focus can be summed up in a single word: results. We define these as significant actions by government agencies, corporations, policy-makers, or civil society taken as a result of our activities and influence.

Our results are generated through a highly focused system of clear goals and three-to-five year strategic objectives. Many are achieved in collaboration with partner organizations around the world. We operate globally because today's most challenging problems know no boundaries. In particular, we consider China, India, and Brazil of key importance.

An International Staff

The people who work at WRI not only have a deep understanding of the issues, but also an understanding of the political and cultural contexts that shape how decisions are made and how to engage effectively in the countries in which we work and partner. Our staff today stands at 316 in the U.S. and abroad. This pie chart shows our diverse nationalities.



Climate and Energy

Climate change is the central challenge of our time. WRI's unique role is to act as a credible, independent source of information, analysis, and solutions for business and government. We get the right data to the right people at the right time in order to catalyze U.S. and global efforts to build a low-carbon world.



"Climate protection and economic development go hand-in-hand. Building a low-carbon economy will unleash innovation and investment."

Jennifer MorganDirector
Climate and Energy Program



The federal government consumes more energy than any other single organization or company in the United States. That energy goes towards lighting and heating government buildings, fueling vehicles, and powering federal projects across the country and around the world.

Largest U.S. Energy User Commits to Cutting Emissions

It was just a single stroke of a pen — but it has put a big mark on efforts by one of the world's largest energy users to address climate change.

When President Barack Obama signed Executive Order 13514 in October 2009, he launched a sweeping effort to retool the U.S. government's approach to using energy. Federal agencies occupy nearly 500,000 buildings and operate more than 600,000 vehicles and they consume more energy than any other single organization or company in the United States. "The federal government can and should lead by example when it comes to creating innovative ways to reduce greenhouse gas emissions," said President Obama. Among other steps, the order calls on agencies to cut vehicle use of oil and gas by 30 percent by 2020. And it sets a goal of reducing direct and indirect emissions from government activities by 28 percent below 2008 levels by 2020.

"The order highlighted the many things that federal agencies can do right away to address climate change without waiting for others to act," says Jennifer Morgan, director of WRI's Climate and Energy Program. And it rests, in part, on years of work done by WRI experts to develop greenhouse gas accounting standards and tools through the Greenhouse Gas Protocol (www.ghgprotocol.org).

In particular, the Executive Order builds off of three Protocol publications that detail accounting and reporting practices for corporations, their "value chain" suppliers, and the U.S. public sector. Other WRI research* shows that a "go-getter" effort by federal officials could reduce U.S. emissions by 14 percent below 2005 levels by 2020 — just shy of President Obama's 17 percent goal. The President's pen and actions, it seems, could be powerful indeed.

Seizing "Next Practices" to Build a Climate-Safe Global Economy

Successful business leaders are familiar with best practices. But what about "next practices"?

The Next Practice Collaborative, a new WRI initiative, has begun to work with business leaders and scholars across the globe to seize major market opportunities that can transform industries and economies with solutions to climate change and other environmental challenges.

Next practices are all about innovation. That was the message of the late Professor C.K. Prahalad, a business visionary at the University of Michigan's Ross School of Business and a member of WRI's Board of Directors. Creating next practices, Prahalad noted, involves "imagining what the future will look like, identifying the mega-opportunities that will arise, and building capabilities to capitalize on them." The framework encourages innovators to consider how global mega-trends, such as population growth, the rise of new economies and climate change, are shaping society. And it challenges them to stretch their imaginations and rise to these challenges with new solutions and services — or risk lagging behind and ultimately becoming obsolete.

The Next Practice Collaborative builds on WRI's past efforts to enable the private sector to take a leading role in creating a greener economy. Such partnerships have already led to an array of new practices and tools, including the Greenhouse Gas Protocol, used worldwide by corporations and governments to measure and reduce emissions.

The Collaborative aims to accelerate innovations that will make greenhouse gases obsolete and make economies more resilient to the physical and financial impacts of climate change. Thinkers and doers with diverse backgrounds and expertise are coming together to develop new strategies and benchmarks for identifying mega-opportunities in mega-trends. The results will drive critical decisions and investments. Initial targets: financing for transformative "zero-carbon" strategies and new business models for powering buildings with clean energy.

^{*} Reducing Greenhouse Gas Emissions in the United States Using Existing Federal Authorities and State Action. Nicholas Bianco and Franz Litz, with contributions from Madeline Gottlieb and Thomas Damassa. WRI, July 2010.

Governance and Access

By promoting access to information, public participation, and access to justice, WRI projects and partnerships work to ensure that the management of natural resources reflects environmental values as well as people's rights and interests. Our research and analysis also brings greater transparency and accountability to the environmental and social impacts of international financial flows and natural resource-based revenues.



We believe that more responsive and accountable governance leads to outcomes that are better for the environment and for the people who depend on natural resources. Sound research and evidence-based advocacy can move policy makers and societies as a whole to fairer and more effective decision-making."

Jacob WerksmanDirector
Institutions and Governance Program



Community leaders along the Camisea River in Peru review maps of gas concessions in the region. WRI collaborates with civil society groups worldwide to ensure that people have the right and ability to influence decisions about the natural resources that sustain their communities.

Global Body Backs a Citizen Say in Decisions

The vote may not have made headlines, but it will make a difference. In February 2010, at a meeting in Bali, Indonesia, the Governing Council of the United Nations Environment Programme (UNEP) voted to adopt formal guidelines on helping nations develop laws and policies that give ordinary citizens a greater voice in critical decisions involving natural resources. The long-delayed move came after a global effort, coordinated by WRI's The Access Initiative (TAI), helped transform opponents of the idea into allies.

The vote had its roots in the landmark 1992 Rio Declaration on Environment and Development, which includes "Principle 10." It spells out how nations can achieve good environmental governance, calling for things like strong freedom-of-information policies, planning processes that give the public a say in projects with environmental impacts, and laws that enable citizens to challenge unjust decisions in court. Many nations resisted letting such "sunshine" into their decision-making, however, so Principle 10 languished — UNEP never adopted formal guidelines that would give it a mandate to work with governments to turn these good ideas into reality.

In 2008, The Access Initiative — a network of more than 250 civil society groups in 50 nations — moved to change that. At a series of UNEP meetings, TAI members worked with officials to develop guidelines that the Governing Council could formally adopt as working policy, rather than just "note" in its proceedings. One key shift came when WRI's Lalanath de Silva, TAI's Director, persuaded the Obama Administration to reverse past U.S. policy, which backed the weaker "noting" option. The U.S. also began to actively encourage other nations to support adoption.

The global pressure paid off. At the Bali meeting, for instance, "the U.S. delegate successfully persuaded holdout countries to move toward a consensus," de Silva notes. Now, UNEP can help countries — and ordinary citizens everywhere who care about the resources that sustain their communities — realize Principle 10's important goals.

Improving Practices for Emerging Global Lenders

A towering hydroelectric dam in Africa. A new highway stretching across the Amazon. Historically, such massive infrastructure projects were helped along by funding from wealthy nations such as the United States, and global lenders like the World Bank. Increasingly, however, fast-growing nations — such as China and Brazil — are also emerging as important players in development finance. Now, helping these "emerging actors" bring adequate environmental and social safeguards to their overseas investments is a major focus of WRI's International Financial Flows and the Environment (IFFE) program.

The effort marks a new chapter in a longstanding initiative to improve global lending practices. For nearly three decades, WRI has worked with partners to persuade the World Bank and other international finance institutions to adopt and improve policies that prevent harmful environmental and social impacts. Recently, some emerging actors, including institutions in China and Brazil, have taken similar steps. China's Export-Import Bank, for instance, has published environmental guidelines for its overseas investments.

Often, however, emerging actors lack clear guidelines, or have little experience evaluating the environmental and social risks posed by their investments. Few have extensive familiarity with implementing safeguards, and often have no tradition of transparency, disclosure and public participation, or accountability. As a result, projects intended to bolster well-being can end up doing the opposite.

To encourage sustainable development, IFFE will be working with these important new global investors to promote the adoption of robust — and proven — environmental and social standards. And we will be working in the nations where investment is taking place to empower host governments and community groups to analyze project risks and hold investors accountable.

Working together, investors and host nations can ensure that sorely needed investment funds are targeted to projects that deliver the most benefit — and don't create problems that undermine future development.

Markets and Enterprise

The private sector plays a critical role in moving society to live in ways that protect the environment and meet the needs of current and future generations. WRI helps companies and financial markets understand how today's pressing environmental issues affect operational performance and investments. We also provide business development services to environmentally focused small and medium enterprises in six key emerging markets.



'WRI supports the growth of environmentallysustainable businesses and investments that will underpin the economic development of the future."

> **Kirsty Jenkinson** Director Markets and Enterprise Program



Drought and increased water demand spurred by explosive population growth in the Southwestern U.S. has caused the water level at Lake Mead Reservoir to reach its lowest level since the 1960s. Even with recent precipitation, the situation will never be stabilized until water withdrawal from the Colorado River is reduced.

SEC Gives Investors Climate Change Clarity

When a large energy company recently announced it would offer investors a chance to buy more than one billion dollars worth of bonds, public documents filed with U.S. regulators detailed how global warming, and measures designed to prevent it, might affect the firm's bottom line - for better and worse.

It was just the kind of discussion that WRI's Markets and Enterprise Program had in mind more than ten years ago, when we first started exploring the need for improved U.S. Securities and Exchange Commission (SEC) guidance and company financial disclosure. Specifically, the SEC suggests public disclosure requirements could be triggered by a wide range of events ranging from international and domestic policy to changing rainfall patterns to decreased demand for products associated with significant greenhouse gas emissions. And it suggests companies should also consider even more indirect impacts, like decreased demand for products associated with significant greenhouse gas emissions.

The SEC's move is just one recent result of WRI's longstanding efforts to improve the business community's awareness of climate change impacts — and create incentives to reduce corporate carbon footprints, and invest in lower-carbon operations. Our Greenhouse Gas Protocol team, for instance, has helped companies improve how they tally and report emissions. And we've worked with government, business and nonprofit leaders to develop better rules, methods and guidance for environmental disclosure. That progress helped pave the way for the SEC requirements.

The SEC's move is also likely to have ripple effects far beyond U.S. borders. Many foreign firms are traded on American exchanges, for example, and the SEC's experience will inform efforts in other nations to improve the integration of climate concerns into financial statements. Climate, it seems, is becoming everyone's business — including shareholders.

An Aqueduct to Manage Water Risk

Ancient engineers built aqueducts to carry precious water to thirsty cities and farms. Soon, a new Aqueduct — a suite of computerized mapping and analysis tools created by WRI — will be helping companies, investors and governments better understand, manage and reduce water-related risks.

Those risks, unfortunately, are growing as demand rises for clean, reliable supplies. Nearly 40 percent of large firms have already experienced disruptions or other problems related to water quantity, quality or cost, according to a survey of 150 major companies by the Carbon Disclosure Project, a nonprofit based in the United Kingdom. Aqueduct is designed to help head off those problems by providing an early warning of water troubles — and by spotlighting solutions.

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At the heart of Aqueduct is the Water Risk Atlas. Drawing on a massive database that holds information on everything from river flows to water prices, the Atlas creates maps that highlight the water risks facing specific places. With the click of a mouse, for instance, government planners can see where water is becoming scarcer or more polluted. Companies can identify regions where water is becoming scarcer due to competition, and explore options for reducing costs. Investors can spot places ripe with opportunities to promote solutions to more sustainable water use.

Initially, we are piloting the Water Risk Atlas in China's Yellow River Basin. Known as "the cradle of Chinese civilization," the basin is China's second-biggest (after the Yangtze) and holds some of the world's richest farmland and fastest-growing cities. As a result, water stress is rising. Aqueduct promises to help key leaders - from corporate executives to local planners - better visualize the complex economic and environmental forces shaping water risks, and make better-informed investment decisions. Ultimately, we intend to extend Aqueduct to other river basins, such as India's Ganges and North America's Colorado, where water is an increasingly precious resource.

People and Ecosystems

Ecosystems, such as forests, wetlands, and coral reefs, meet the everyday needs of billions of people around the world. Human activity, however, is rapidly degrading these vital resources. WRI works with governments, businesses, and civil society to reverse threats to ecosystems and foster sustainable economic growth on a global scale.



"Reversing the degradation of ecosystems is critically important for national economies and human well-being."

Craig HansonDirector
People and Ecosystems Program



Coastal development can have profound effects on coral reefs either through direct physical damage such as dredging or land filling, or indirectly through increased runoff of sediment, pollution, and sewage. In some cases, tourism can threaten reefs. Tourists stimulate demand for seafood and curios, beachgoers may trample nearshore reefs, and inattentive recreational divers can break fragile corals.

In Belize, Protecting Coastal Capital

After the Westerhaven, a massive cargo ship, smashed into a coral reef off Belize in early 2009, it was clear the grounding had done tremendous damage. More than an acre of centuries-old coral was crushed and scattered. With assistance from WRI, however, the accident became a catalyst for improving protection of the world-famous MesoAmerican Reef — and a landmark court ruling.

Reefs are a critical resource in Belize. They attract tourists, provide fishing grounds and protect the coast from storms. Overall, such "ecosystem services" amount to hundreds of millions of dollars a year. Reef-related economic activity, for instance, accounts for ten to fifteen percent of Belize's annual gross domestic product (GDP), concluded a 2008 WRI study, Coastal Capital: Belize. The reefs provide a similar economic benefit by attenuating destructive storm waves, the report found.

Those numbers came into stark focus after the Westerhaven wrecked. Working with WRI analysts, experts in Belize calculated the value of the lost reef — and later presented the data in court. The result: In April 2010, Belize's Supreme Court fined the ship's owner nearly \$6 million in a ruling that cited WRI's analysis. It was an unprecedented decision; the government hadn't even taken prior grounding cases to court.

Meanwhile, Belize's government moved to boost reef protections, including tightening fishing restrictions and stepping up enforcement. The needs of the nation's exceptional, but underappreciated, network of Marine Protected Areas (MPAs) received greater attention.

Now, our goal is to persuade other nations to follow Belize's lead. By putting hard numbers on the value of coral ecosystems, we will build appreciation of the economic benefits of MPAs — and the costs of coral degradation. To promote best practices, we'll document what is working around the world, and spread the word. We will look to shore, too, highlighting the critical role that good land-use planning and sewage treatment plays in sustaining healthy reefs. With climate change looming, such efforts will be essential to enabling reefs to thrive over the next century.

Reducing Illegal Logging

Are those books in your next shipment — or that container of furniture you just ordered - contrib-

Ecosystems Program will be helping companies compliance with a landmark law aimed at ending

container of furniture juting to illegal logging?

That's just one question that WRI's People and Ecosystems Program will be helping companies answer as it expands a global effort to improve compliance with a landmark law aimed at end the damaging trade in vulnerable trees.

In 2008, the U.S. Congress added a new prov sion to the century-old Lacey Act, long a power tool for fighting crimes against wildlife. It ban a land plant products — includir sion to the century-old Lacey Act, long a powerful wood and paper — derived from illegal sources. Under the new law, sellers and buyers must ensure that the plants included in their products were harvested legally, according to the laws in the nation or state where the plants grew. Violators can face fines, product seizures and even jail time. In 2009, the U.S. showed it was serious about enforcement when it raided the Tennessee manufacturing plant of Gibson Guitars, as part of an investigation into the tropical hardwood trade.

> To boost awareness of the law — and facilitate efforts to comply with it — we have teamed with the nonprofit Environmental Investigation Agency, the U.S. Agency for International Development and others to create the Forest Legality Alliance. It aims to work with everyone involved in global supply chains to help make sure that their forest products are legal. In addition to providing information and tools for cost-effective compliance, we are also pursuing state-of-the-art scientific studies that will help show best practice in the forest product sector to illustrate how best to meet the requirements of the Lacey Act.

Sustainable Transport

EMBARQ – The WRI Center for Sustainable Transport has pioneered the use of public-private partnerships to diagnose and solve transport problems in crowded and polluted mega-cities of the developing world. EMBARQ helps build sustainable means of mobility in countries such as Brazil, India, Mexico, Peru and Turkey.



When it comes to urban transportation, ingenuity is the key to greener, safer, and smarter cities."

Clayton Lane Acting Director EMBARQ



Two Ahmedabad residents enter a new bus rapid transit (BRT) station in a central median. Dedicated high-speed BRT lanes extend behind. Ahmedabad's BRT system, the first in South Asia, focuses on moving people not traffic. Efficiency, affordability, safety, and security are central to the city's transport plan.

Indian Cities Better Prepared for Growth

Getting around in two of India's fastest-growing cities is getting a little easier, greener — and safer. With assistance from EMBARQ, Indore and Ahmedabad have launched innovative bus-based urban mobility systems that are becoming models for the rest of Southern Asia.

India's cities face a daunting people-moving challenge. By 2050, 700 million new residents are expected to crowd into urban areas. Less than one-third of large cities, however, have well-established transit systems. The result: gridlock, wasted time, money and energy, and sobering road safety and pollution problems. And India is not alone: across South Asia, few cities have affordable, effective mobility systems that encourage sustainable growth.

Indore and Ahmedabad are helping fill that gap. Both cities have become pioneers in forging publicprivate alliances that have rapidly introduced efficient, modern transit technologies.

In Indore, a city of 1.8 million, Indore City Transport Services Limited now boasts more than 200 buses and more than 200,000 daily riders. But that is just a beginning: In 2011, Indore is expected to begin operating an integrated Bus Rapid Transit (BRT) system that will feature dedicated lanes, comfortable buses, and automated ticketing.

Ahmedabad, a city of 5 million, has already launched South Asia's first complete BRT, named Janmarg ("the people's way"). By 2014, it will stretch more than 50 miles (90 kilometers) and carry 175,000 passengers a day. Planners predict it will have a major — and positive — influence on how the city grows.

To help catalyze these complex projects, EMBARQ took city leaders from India on study tours to other nations, where they learned about state-of-the-art mobility solutions. We provided technical assistance on everything from BRT design to contracts. And we worked with the national government to ensure start-up support for getting the buses rolling. Next stop: Helping more cities link better mobility with more sustainable growth.

Redefining Sustainable Transportation

Think "sustainable transport" and saving lives may not be the first thing that comes to mind. But with more than one million people a year now killed in road crashes — and another 50 million injured — road safety has become one pillar of EMBARQ's efforts to redefine what sustainable mobility means in the 21st century.

The focus on road safety is just one part of WRI's efforts to help people move lightly across the landscape. Around the world, from India and Turkey to Brazil and Mexico, EMBARQ has already launched initiatives that address the environmental implications of our efforts to get from departure to destination. In cities, for instance, transportation projects help shape where we live, work and play — and how much energy we use and pollution we breathe. Choices made today decide if cities sprawl tomorrow, gobbling up farmland and wildlife habitat.

ON THE HORIZON

That's why, in Mexico, one of EMBARQ's five Centers for Sustainable Transport will be working closely with the nation's largest mortgage lender to shape a new low-income housing neighborhood for 40,000 people in the city of Aguascalientes. EMBARQ's experts are helping craft a plan expected to increase the residents' demand for public transit, bikes, walking paths and green space by up to 60 percent, compared to traditional approaches. Meanwhile, researchers say projected carbon emissions — and infrastructure costs — will drop. And they calculate that traffic speeds will slow by more than one third, creating safer roadways.

Mexico won't be the only nation to benefit from this innovative approach to sustainable transport. The lessons learned in Aguascalientes will be spread by EMBARQ's global network, with an eye to redefining mobility in many other emerging cities.

China's Low-Carbon Future

As China undergoes an unprecedented level of urbanization, there is a move toward higher quality and more efficient development. For these reasons, WRI is focusing its efforts on environmentally smart urbanization, both at the national and local levels. Our work addresses key environmental issues China is grappling with including water pollution, blueprints for low-carbon cities and sustainable transport, greenhouse gas accounting, and financing for energy efficiency.



"China is shifting its development pathway towards a more sustainable one. WRI will contribute to that.

Zou Ji Director China Program



Within the Shanghai Urban Planning Exhibition Hall is a massive model of Shanghai, the largest city in China with a population of almost 20 million. Like many rapidly developing cities, Shanghai faces enormous challenges in ensuring fresh air, clean water, sustainable energy, efficient transport and waste reduction for its population.

Qingdao Moves to Curb Emissions

Qingdao, a city of 10 million in Shandong Province, is known for brewing Tsingtao beer and a busy, world-class seaport. Now, Qingdao is also making a mark as one of China's first "low-carbon cities." With assistance from WRI's China Office in Beijing, Qingdao aims to cut its "carbon intensity" — the amount of carbon emitted per dollar of economic output — by nearly 50 percent over the next decade. With support from the Asia Development Bank and others, we are helping Qingdao officials inventory the city's greenhouse gas emissions, and identify promising options for curbing the use of fossil fuels and increasing energy efficiency. The effort is expected to be a model for how other growing cities can do more to emit less.

WRI's collaboration with Qingdao is just one sign of our growing presence in China. More than a dozen experts now staff our China office, established in 2008 and led by Professor Zou Ji, a highly respected Deputy Dean of the School of the Environment and Natural Resources at Renmin University in Beijing. In addition to catalyzing efforts to curb greenhouse gas emissions and increase supplies of renewable energy, WRI experts are helping find solutions to China's growing water pollution and supply problems, and working to improve urban planning and mobility. We also translate key studies done elsewhere into Chinese, and bring foreign experts together with their Chinese counterparts to share lessons learned and spread best practices. In the process, we have forged strong working relationships with leading government officials, industry executives and academics; some now provide guidance and advice as members of our advisory committee. WRI's work is also regularly covered by the Chinese media.

Such global collaboration and information-sharing will be essential to enabling China — and the rest of the world — to realize our shared goals of ensuring economic growth, without endangering the environment on which we all depend.

Blueprints for Reshaping Urban Growth

China's rapid urbanization poses an immense challenge — and a fertile opportunity to demonstrate what it means to be an "environmentally smart city." Over the next few years, WRI will be working with a number of fast-growing cities in China to draw up and implement blueprints for more livable and sustainable growth.

ON THE HORIZOR By 2025, experts predict that more than 60 percent of China's population will live in cities. By 2030, more than 200 cities will have at least one million inhabitants, and 25 "supercities" could each have 25 million. These new cities have the potential to become powerful engines for social progress and lift tens of millions of people out of poverty. But poorlyplanned, sprawling cities could undermine China's efforts to sustain economic growth, improve energy efficiency, curb greenhouse gas emissions, and secure clean water supplies.

> To prevent such setbacks, WRI will be supporting efforts by China's national and local governments to reshape urban growth. China's new Five Year Plan, for instance, puts a priority on building environmentally sustainable urban infrastructure. Our goal is to demonstrate how growing cities can "avoid, shift and improve":

- avoid repeating expensive and destructive past development mistakes;
- shift to new, sustainable practices and technologies; and
- improve the efficiency of existing infrastructure.

For example, by better integrating energy-efficient transportation systems into growth plans, cities can save energy and reduce time- and money-wasting sprawl. And they can curb greenhouse gas emissions by promoting the use of highly efficient "combined heat and power" systems, which produce electricity for industry while heating residences. Careful economic analyses can also identify the most cost-effective solutions to protecting clean water supplies, and increasing water efficiency. Together, such strategies can help demonstrate a new and better path for urban growth in China — before irrevocable decisions are made.

WRI Projects At a Glance

ACCESS AND GOVERNANCE

Access Initiative: The largest network in the world dedicated to ensuring that citizens have the right and ability to influence decisions about the natural resources that sustain their communities.

EarthTrends — The Environmental Information Portal: Influences policy and research with a comprehensive on-line collection of data and analysis about the environmental, social, and economic trends that shape our world.

Electricity Governance Initiative: Works with electricity sector decision-makers and civil society to promote transparency, accountability, and public participation.

Equity, Poverty, and the Environment: Seeks to reduce poverty and promote sound environmental management by ensuring equitable access to ecosystem goods and services and fair distribution of natural resource benefits.

Governance of Forests Initiative: Works to develop a framework of indicators for assessing and improving governance in the forest sector, as a precursor to determining whether markets can play a role in achieving GHG emissions reductions from forests

International Financial Flows and the Environment:

Works to improve the social and environmental performance of public and private international financial institutions by holding them accountable to their investors, to donor countries, and to the communities that are impacted by their investments.

World Resources Report: Helps shape the environment and development debate by providing governments, civil society, donors, and the private sector with new thinking and analysis on the environment-development nexus.

CLIMATE, ENERGY, AND TRANSPORT

Ambition, Transparency, Accountability: Works with national governments, international negotiators, and civil society to promote the development, adoption, and implementation of transparent and robust systems for accounting, reporting, and review of greenhouse gas emissions.

Building Capacity to Track Performance: Assists developing countries to design and implement incountry measurement, reporting and verification (MRV) programs to meet domestic climate goals.

Driving Federal and State Reductions: Actively engages federal agencies, regions, and states to develop a portfolio of policies and regulations to meet the U.S. reduction commitment, with the ultimate aim of aiding the passage of comprehensive federal climate legislation and ensuring that it is effectively enforced.

EMBARQ - The WRI Center for Sustainable

Transport: Fosters government-business-civil society partnerships to design and implement solutions to transportation-related problems facing cities around the world.

Energy Intensive Industry and Power Sector in Major Emerging Economies: Facilitates low-carbon development in major emerging economies by working with policymakers, industrial energy consumers and civil society to develop long-term mitigation strategies, thereby advancing practical measures to implement national low-carbon development plans.

Greenhouse Gas Protocol Initiative: A decadelong partnership between World Resources Institute and the World Business Council for Sustainable Development, the GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

International Technology Policy: Engages public and private sector partners to frame solutions for international technology deployment that will result in a measurable and significant shift in investment toward zero-carbon technology in the power sectors of key developed and developing countries.

Next Practices Collaborative: Leverages the collaborative power of private sector actors to create a strong, climate-safe economy by articulating the business case for moving beyond current best practices, identifying and testing new "next practice" strategies, advancing new financing and clean energy deployment models, and developing tools that corporate decision-makers need to transition to a zero-carbon economy.

Open Climate Network: Leveraging a network of partners in major economies around the world, enables assessments of domestic climate policy implementation and its co-benefits, and shares these assessments internationally.

U.S. Climate Policy Analysis and Design:

Facilitates the development, adoption, and implementation of strong climate and energy policies that at a minimum maintain and ultimately substantially augment the Executive branch's regulatory authority to reduce U.S. GHG emissions.

Vulnerability & Adaptation to Climate Change:

Promotes national and international policies to help developing countries integrate climate change adaptation into national development decision-making.

MARKETS AND ENTERPRISE

Aqueduct: Provides ground-breaking tools for companies to better understand and plan for water-related risks, which ultimately improves water availability and water quality in river basins around the world.

New Ventures: Promotes the growth of small and medium enterprises (SMEs) to help drive inclusive, sustainable economic development in emerging economies. The New Ventures global network helps entrepreneurs in key sectors to improve their business skills, access capital, and grow, while simultaneously building local SME support networks of relevant stakeholders such as investors, business incubators, banks, NGOs, and government agencies.

PEOPLE AND ECOSYSTEMS

Business and Ecosystem Services: Works with corporations to help them to use ecosystem services concepts to improve their management of risks and opportunities related to the natural environment.

Ecosystem Service for Development: Works with developing country governments, international financial institutions, and development agencies to integrate ecosystem services into planning and policy formulation in order to sustain ecosystem services and improve the livelihoods and resilience of the poor.

Eliminating Eutrophication: Aims to reduce nitrogen and phosphorous pollution that is degrading marine and freshwater ecosystems around the world by developing new performance and market-based strategies and policies for controlling nutrient runoff.

Forest Information and Governance in Central Africa: Aims to strengthen forest governance and management in the Congo Basin by enabling stakeholders in Central Africa to have access to up-to-date, freely available, and user-friendly forest information.

Leveraging Lacey: Seeks to maximize the potential of the recently amended U.S. Lacey Act to reduce illegal logging and catalyze more sustainable forest management worldwide.

Measuring, Reporting and Verification Systems in Developing Countries: Provides information and capacity support to help developing countries to accurately measure, report, and verify change in forest areas and associated carbon emissions or sequestration.

Palm Oil, Timber, and Carbon Offsets (POTICO):

Prevents the conversion of forests to oil palm plantations in Indonesia by convening and leading relevant stakeholders to keep forest standing by guiding new oil palm development toward degraded lands with community consent.

Poverty and Ecosystem Services Mapping in East Africa: Develops and applies new mapping methods to analyze ecosystem services and poverty, helping policy-makers to understand and act on linkages between poverty and ecosystem services and improve implementation of poverty reduction efforts, ecosystem management, policies, or plans at national and local levels.

Rescuing Reefs at Risk: Seeks to reduce human pressures on coral reefs by examining the resulting effects of such pressure on ecosystem goods and services, and by analyzing implications for economic impacts in coastal communities.

Southern Forests for the Future: Collaborates with partners to catalyze the conservation and sustainable management of forests of the southern U.S. by researching and implementing a portfolio of market-based incentive mechanisms.

CHINA

Carbon Capture, Use, and Storage (CCUS):

Through engagement with Chinese officials at all levels of government, lead research institutions, and private companies, this project creates an environment in which CCUS can be safely, responsibly, and commercially deployed in China.

China FAQs: Provides analysis and insight for U.S. policymakers and opinion leaders regarding critical questions about Chinese policy and action on energy and climate change. The ChinaFAQs network is comprised of U.S.-based experts, including researchers at U.S. universities and government laboratories, independent scholars, and other professionals. ChinaFAQs makes the analysis and insight of its experts available through its website and other outreach. WRI is also working to develop a parallel platform which could provide key Chinese audiences with clear, accurate information on U.S. climate and energy policy.

Low-Carbon Cities: Works with China's provincial and city governments to design and implement holistic low-carbon blueprints, which include greenhouse gas emissions targets, reduction strategies, and tracking capacities.

Mitigating GHG Emissions from China's Industrial Sectors: Helps China's key power and industrial sectors to realize their GHG mitigation targets by providing tools to corporations and sectoral policy analysis and recommendations to government officials.

Improving Water Quality and Ecosystem Health:

Aims to provide government authorities with a more comprehensive understanding and analysis of both the water and climate implications of various energy generation and efficiency measures, and to inspire positive economic, social and environmental changes to improve China's water quality and ecosystem health.

five NEW **RESOURCES**

1 SEE SOUTHERN FORESTS

www.wri.org/southernforests

Zoom over maps and view data about conditions, trends, and threats facing the forests of the southern U.S. WRI's "Southern Forests for the Future" project seeks to increase the acreage of forest that is conserved or sustainably managed.

2 CLIMATE ADAPTATION

www.wri.org/wrr

World Resources 2010-11 helps decision makers integrate short- and long-term climate risks into planning processes. The report's new format offers an interactive website with expert perspectives, scenario exercises, and case studies.

3 MARINE DEAD ZONES

www.wri.org/eutrophication

"One-stop shop" raises awareness and offers solutions for controlling nutrient pollution, WRI's Interactive Map of Eutrophication & Hypoxia profiles 530 low-oxygen "dead zones" and 223 sites exhibiting signs of marine eutrophication.

4 REEFS AT RISK

www.wri.org/reefs

Map-based assessment pinpoints the location and severity of threats facing coral reefs. This global assessment helps conservation groups and governments prioritize reefs to protect and inform where resources are best allocated.

5 CLIMATE ACCOUNTABILITY

www.wri.org/openclimatenetwork

Commitments by the world's major economies to reduce GHG emissions and to finance climate mitigation/adaptation efforts can move the world toward a low-carbon, climate-resilient future. A global network led by WRI tracks their progress.

Acknowledging Our Donors

January 1, 2010 - December 31, 2010

Governments and Multilateral Organizations

African Development Bank Asian Development Bank Danish Ministry of Foreign Affairs

German Society for International Cooperation

Inter-American Development Bank

Irish Department of the Environment, Heritage and Local Government

Irish Department of Foreign Affairs

KFW Bankengruppe

Maryland Department of Agriculture

Netherlands Ministry of Foreign Affairs

Norwegian Agency for Development Cooperation

Norwegian Ministry of Foreign Affairs

Swedish International Development Cooperation Agency Swiss Agency for Development and Cooperation

U.K. Department for Environment, Food and Rural Affairs

U.K. Department for International Development

U.K. Foreign and Commonwealth Office

U.S. Agency for International Development

U.S. Department of Agriculture

U.S. Environmental Protection Agency

United Nations Development Programme

United Nations Environment Programme

The World Bank

Bloomberg Philanthropies Awards EMBARQ, Partners \$125 Million for Global Road Safety Work

EMBARQ – The WRI Center for Sustainable Transport was one of six organizations awarded a total of \$125 million over five years by Michael R. Bloomberg to implement programs in low- and middle-income countries to prevent death and disability from road traffic crashes. This is the largest single donation ever for international road safety.

Road traffic crashes kill 1.2 million people and injure up to 50 million each year, mostly in growing and newlymotorized countries. Unless trends are reversed, road traffic injuries will become the fifth leading cause of death globally by 2030.

EMBARQ will focus on sustainable transport in urban planning, tackling the road safety problem at the root by considering all of the health and safety benefits associated with mass transit, cycling, walking, clean fuels and vehicles, and public spaces. These solutions not only provide safer streets and save lives, but deliver co-benefits such as cleaner air, reduced carbon emissions, and more physically active citizens.



We enthusiastically support EMBARQ's vision and practical approach to saving lives through improving sustainable urban transport in cities around the world."

Michael R. Bloomberg

Foundations

Abramson Family Foundation Acacia Conservation Fund Ray C. Anderson Foundation AVINA Foundation

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Zennström Philanthropies

Corporations

Due to space limitations in this annual report, we are listing only corporate contributions larger than one thousand dollars.

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Alcoa and Alcoa Foundation

Caterpillar

Citi and Citi Foundation

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Toyota Motor North America **United Technologies Corporation**

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SiVest Group, Inc.

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The Corporate Consultative Group MindShare meeting is a great opportunity to learn about the best practices in our area, the challenges that we all face, and the challenges that some of our peers or competitors face that we haven't yet contemplated."

Alison Taylor

Chief Sustainability Officer, Americas Siemens Corporation



Companies join the Corporate Consultative Group (CCG) to stay apprised of WRI's corporate-relevant work, which touches a range of issues, from climate and water to forestry and community engagement. The CCG currently has 37 members and offers the best available way for innovative and leading companies in their sectors to engage with WRI on a broad range of topics.

Individuals

Due to space limitations in this annual report, we are listing only individual donors whose gifts are larger than one hundred dollars.

Mark and Meg Alberts David C. Aldrich Richard Alper Allan Alson and Sue Ann Glaser

Allan Alson and Sue Ann Glase

Sudha Arunachalam Duncan Austin

Harriet and Bruce Babbitt

Benjamin Baker Geoffrey W. Baldwin Manish Bapna

Douglas A. Barker and Sam C.

Kilpatrick Steven Barker

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Alicia McLoughlin Wilhelm M. Merck

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Robin and Mary Claire Murphy

Seanan Murphy Lawrence Myers John Nav

George L. Ohrstrom II Ronald L. Olson Thomas B. Patton Rich Peckham Victor Peters

Dave and Ann Phillips Margaret Pike Michael J. Pirog

Susan Place



for Ocean Inspiration, a tribute to Jacques Cousteau's 100th birthday.

The MacArthur Foundation founded WRI because it believed we needed a new organization that brought high standards and new ideas to the environmental policy arena on a global scale. When I retired as president of the foundation I continued to turn to WRI for advice, and I remain an enthusiastic supporter."

Adele Simmons

Laurence and Marjorie Porter

Christopher Porto Susan Pozer

C.K. Prahalad Philip Rand

Janet Ranganathan

Gene Reeves

Mario and Heather Rivera

Larry Rockefeller

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Laura Thompson Todd S. Thomson

Sue and John Tierney Lillian and Carlos Torres

Janis M. Torrey

Mr. and Mrs. Russell Train

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Laura D. Tyson Steve Usdan Jean van der Tak Robert Vernon

Clinton A. Vince Emily V. Wade

Robert and Kimberly Walker

Dr. Diana H. Wall

Ms. Michael Ann Walstad

Chris Wanha Jake Werksman Nancy Wessling Marilyn Wilhelm Ann M. Williams Ellen Williams

Andrew and Christine Winston

Amy Yates Jean Yuan Cody Zindler



WRI friends and supporters at the Ocean Inspiration reception previewed findings from Reefs at Risk Revisited, a new report on the health of the world's coral reefs

WRI is the place to turn for investors who need quality research into global environmental challenges to deeply understand long-term market risks and opportunities."

Peter Knight

Partner, Generation Investment Management US LLP

Other Organizations

Advanced Conservation Strategies

American Conservation Association, Inc.

American Forest Foundation

Central Research Institute of Electric Power

Industry

Chesapeake Bay Foundation

China Business Council for Sustainable

Development

Chinese Academy for Environmental Planning

Clean Air Initiative

Combined Federal Campaign of the National

Capital Area

Earth Justice

Electric Power Research Institute

Environmental Investigation Agency

Global CCS Institute

Hong Kong Productivity Council

Institute for Sustainable Communities

International Union for Conservation of Nature

Nordic Agency for Development and Ecology

Pan American Health Organization

Peterson Institute for International Economics

Project AWARE Foundation

Rainforest Alliance

Stockholm Environment Institute

Strategies for The Global Environment

Sustainable Forestry Initiative

The Nature Conservancy

UNEP-WCMC

Unitarian Universalist Congregation of Fairfax

United Way California Capital Region

United Way of the National Capital Area

University of Maryland

University of Miami

West Virginia University

Western Governors' Association

World Business Council for Sustainable

Development

World Wildlife Fund

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Google

Microsoft

PG&E Corporation

TPG Capital

Wellington Management Company

WRI Leadership

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Chairman, Caravel Management LLC; former President of the Export-Import Bank, United States

Harriet (Hattie) Babbitt, (Vice Chair)

Former U.S. Ambassador to the Organization of American States, United States

James Gustave Speth (Founder and Trustee Emeritus)

Professor of Law, Vermont Law School, Former Dean, Yale School of Forestry and Environmental Studies; former Administrator, United Nations Development Programme; Founder and former President, World Resources Institute, United States

William D. Ruckelshaus, (Chairman Emeritus)

Strategic Director, Madrona Venture Group; former Administrator, U.S. Environmental Protection Agency, **United States**

Alice (Tish) F. Emerson, (Vice-Chair Emeritus)

President Emerita, Wheaton College, United States



Directors Robin Chase and Hattie Babbitt

Roberto Artavia

President of VIVA Trust, Costa Rica

Frances Beinecke

President, Natural Resources Defense Council, United States

Afsaneh Beschloss

President and CEO, The Rock Creek Group, **United States**

Fernando Henrique Cardoso

Former President of Brazil

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Co-Founder & Former CEO, Zipcar; CEO, GoLoco.org, United States

Tiffany Clay

Student, Harvard Business School, United States

Leslie Dach

Executive Vice President, Corporate Affairs and Government Relations, Wal-Mart Stores, Inc., **United States**

Daniel L Doctoroff

President of Bloomberg, LP, United States

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Chen Jining

Professor and Executive Vice President, Tsinghua University (Beijing), China

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Kathleen McGinty

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Preston R. Miller, Jr.

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Douglas R. Oberhelman

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Göran Persson

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Michael Polsky

President and Chief Executive Officer, Invenergy, United States

Bill Richardson

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Alison Sander

Globalization Topic Advisor, Boston Consulting Group, **United States**

Lee M. Thomas

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Todd S. Thomson

Chairman, Dynasty Financial Partners, United States

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Managing Principal, Analysis Group, Inc. United States

Clinton A. Vince

Partner, SNR Denton, Chair of Energy, Transport and Infrastructure Sector, United States

Diana H. Wall

Director, School of Global Environmental Sustainability, Professor of Biology and Senior Research Scientist, Natural Resource Ecology Lab, United States

Daniel Weiss

Co-founder and Managing Partner, Angeleno Group, United States



Director Jamshyd Godrej and WRI Managing Director Manish Bapna

WRI MANAGEMENT TEAM

Jonathan Lash | President

Manish Bapna | Executive Vice President and Managing

Steven Barker | CFO, Vice President, Finance and Administration

Elizabeth Cook | Vice President, Institutional Strategy and Development

Robin Murphy | Vice President, External Relations Janet Ranganathan | Vice President, Science and Research

Vivian Fong | Human Resources Director



CHINA ADVISORY COMMITTEE

Qu Geping | Board Chairman of China Environmental Protection Foundation

Chen Jining | Vice President of Tsinghua University

He Jiankun | Vice Chairman of Tsinghua University Council

Qian Yi | Professor of the Department of Environmental Science and Engineering of Tsinghua University

Lu Mai | Secretary General of China Development Research Foundation

Xu Dingming | Former Director of Energy Bureau under the National Development and Reform Commission

Zhou Dadi | Former Director of Energy Research Institute under the National Development and Reform Commission

Peng Suping | Director of the National Key Laboratory for Coal Resources and Safe Mining

Shi Dinghuan | Chairman of China Renewable Energy Society

Wang Hao | Chairman of the Water Resources Institute of China Institute of Water Resources and Hydropower Research

Why WRI IS **IMPORTANT** TO ME

Interview with Diana Wall and Leslie Dach



Diana Wall

Change-maker

Scientist and soil ecologist at Colorado State University, and a seasoned veteran of Antarctic research. WRI Director since 2005.

Multidimensional, scientifically informed analyses that highlight the critical options needed to move forward and improve lives.

I use WRI data and publications in my teaching and public lecturing.

The world is racing toward 9 billion people and the demand for resources is growing. How can we respond?

The belief that individuals make a difference and that

The concept of ecosystem services has to become a

standard driver of all economic strategy.

knowledgeable collaborations can improve our actions and

One word to describe WRI

what inspires you?

When thinking about the future,

What distinguishes WRI from

development organizations?

in your work or daily life?

How does WRI's work influence you

other environment and

the world's environment.

Leslie Dach

Executive Vice President, Wal-Mart, the world's largest public corporation by revenue. WRI Director since 2003.

Analytical rigor combined with results. A global outlook. An ability to look into the future.

As a reminder that there are pragmatic solutions to major issues.

Build sustainability deep into commerce and help make sustainability a core element of economic growth in emerging economies.

The common bonds and aspirations of people across the globe and the energy of leaders to make a difference.

Solutions

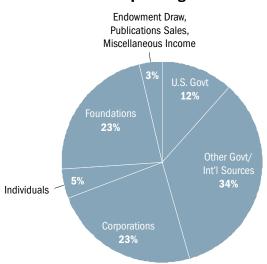
Financial Overview

WRI continues to meet the highest standards of accountability and use of donor funds from the Better Business Bureau and Charity Navigator. The trust of our supporters is of great concern to WRI. We receive donations from individuals, governments, foundations, and corporations, and have stringent financial controls in place to ensure compliance with donors' wishes. We are efficient, and in 2010 over 84 percent of our revenue supported program activities. To maintain our credibility and effectiveness, our income and expenditures are reviewed by professional auditors.

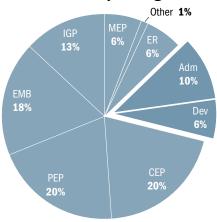
BBB bbborg/chanty



2010 Operating Revenue



2010 Uses of Operating Funds

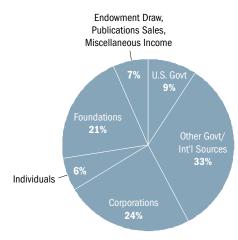


Statement of Consolidated Activities (\$000s)

(At September 30, 2010, with comparative totals for 2009)

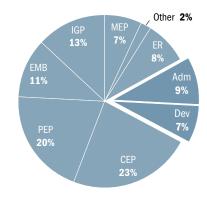
Revenues	TOTAL 2010	TOTAL 2009
Grants/Contributions	\$31,658	\$23,481
Federal Grants	4,398	2,543
Support from Endowment Income/Publications/Others	1,320	1,889
Total Year Support	37,376	27,913
Expenses		
Program Activities	31,472	23,452
General Administration	3,571	2,498
Development	2,333	1,991
Total Expenses	37,376	27,941
Change in Net Assets	0	-28

2009 Operating Revenue



2009 Uses of Operating Funds





Join Our Community

Explore: Our free print and online resources provide objective, fact-based analysis of the latest data. WRI's blogs are a great introduction to our work and cover all out topics. Check them out on **wri.org**.

Connect: Our social media sites let you join the conversation about important issues and share ideas and information with your network.



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Donate: We work with governments, companies, and civil society to find solutions to urgent environmental challenges, and we rely on the generosity of our donors to help us achieve our results. To become a partner in our work, visit **wri.org/donate** and make a secure online donation.

Stay Up-To-Date: Our monthly WRI Digest email newsletter offers updates on the WRI community. Sign up at wri.org/register.

Corporate Membership: WRI's Corporate Consultative Group is a membership group for companies seeking to develop and implement strategies that align business growth with a sustainable planet. Companies stay engaged with WRI's latest tools and analyses, while learning from one another's sustainability strategies. Learn more at **wri.org/corporate-consultative-group**.



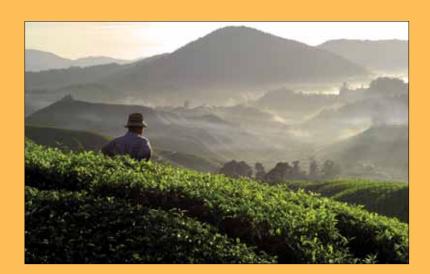


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